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1964 ANNUAL REPORT

GENERAL ELECTRIC

Progress for our Age of Cities is advanced by electric transit, total-electric buildings and ample electricity that includes nuclear power.

1964 Financial Highlights

(In millions; per-share amounts in dollars)

Results before price adjustments*:	**1964**	**1963**
Net sales billed	$5,071.3	$4,936.5
Net earnings	312.0	283.1
Net earnings per share	3.44	3.14
Earnings as a percentage of sales	6.2%	5.7%
Earned on capital invested	15.1%	14.2%
Results after price adjustments:		
Net sales billed	$4,941.4	$4,918.7
Net earnings	237.3	270.6
Net earnings per share	2.62	3.00
Earnings as a percentage of sales	4.8%	5.5%
Earned on capital invested	11.6%	13.6%
Dividends declared	$197.7	$183.1
Dividends declared per share	2.20	2.05
Dividends paid per share	2.20	2.00

* *Sales and earnings before price adjustments are shown separately in order to give more meaningful comparisons of operating results before the effect of these substantial nonrecurring charges. Results before price adjustments exclude the effect of provisions for disposition of claims arising from the 1960 antitrust cases. At the end of 1964, agreement had been reached with customers accounting for a very high percentage of the sales of products involved in these cases. The 1964 provision for price adjustments includes an estimate of the cost to dispose of the relatively few cases for which agreement had not been reached at the year end.*

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THE FRONT COVER *catches the glow of Chicago's total-electric Marina City and shows new rapid-transit cars powered by G-E propulsion systems—aspects of a progressive city whose electricity, supplied by Commonwealth Edison, includes power from nuclear generation, utilizing General Electric nuclear equipment.*

NOTE: *In this report, unless otherwise indicated by the context, the terms "General Electric" and "Company" refer to the consolidated group of companies described on page 28.*

EXECUTIVE OFFICES: *570 Lexington Avenue, New York, New York 10022.*

Comments on 1964 and the outlook

Results for 1964 before price adjustments—a significant measure of what General Electric people accomplished during the year—show that sales and earnings rose to new highs.

The year's record sales of $5.1 billion were achieved by a heartening 7% gain in the Company's commercial business, which includes consumer, industrial and heavy capital goods. This more than offset the year's decline in defense sales.

Earnings for the year, before the adjustments, increased at a faster rate than sales. While the improvement came partly from lower Federal income tax rates, it was also the result of continued aggressive efforts to reduce costs and improve efficiencies.

The 1964 improvements were made despite price levels that were, for producer goods, at 1954 levels, and for consumer goods at pre-1950 levels.

Dividend payments set a record—$2.20 a share, 10% higher than in 1963.

Your management's objective with regard to the 1960 antitrust cases was to reach a final resolution in 1964 of remaining claims through equitable agreements with the customers involved. This was largely achieved. In addition, 1964 operations include a provision which, in our judgment, is adequate to dispose of the relatively few remaining cases. The impact on results was to reduce sales to $4.9 billion and earnings to $2.62 a share.

In management's judgment, these steps taken in 1964 put the financial impact of the cases behind us, enabling all of us in General Electric to devote our full attention to generating greater sales and earnings.

Improvement in earnings is being emphasized by your management. The opportunities we see for 1965 are most promising if the national economy maintains a non-inflationary expansion. Particularly encouraging is the fact that our present growth is in profitable commercial lines. The record sales pace for consumer and industrial goods is showing no let-up. In the last months of 1964 there was a strong upsurge in orders from power-producers, increasing the Company's backlogs of unfilled orders for commercial products to an unprecedented level. More effective utilization is being made of plant facilities, and G-E people are showing the determination to improve operations so as to be even more competitive in worldwide markets.

Looking further ahead, we intend to continue a level of development expenditures that will build the earning power of present profitable lines. We are also making selective investments in areas of opportunity that include:

—*Nuclear power.* Increased worldwide interest in this technology during 1964 strengthened our belief in its strong potential and in the Company's ability to bring it to profitable fruition.

—*Computers.* Our data-processing and industrial process computers both showed encouraging progress, and we won several of the year's most challenging and significant orders.

—*International.* Steps taken in 1964 to serve G-E customers worldwide include the organization of Area Divisions for four main areas of the world, and investments in overseas companies supplying data-processing and electrical consumer products.

One priceless gift we of General Electric today have inherited from our predecessors is the great range of ways we help to enrich the society of our time.

We feel confident that the Company's balance of short-run and long-term strengths can be translated into still greater benefits for our customers, further progress for employees and increased returns for share owners.

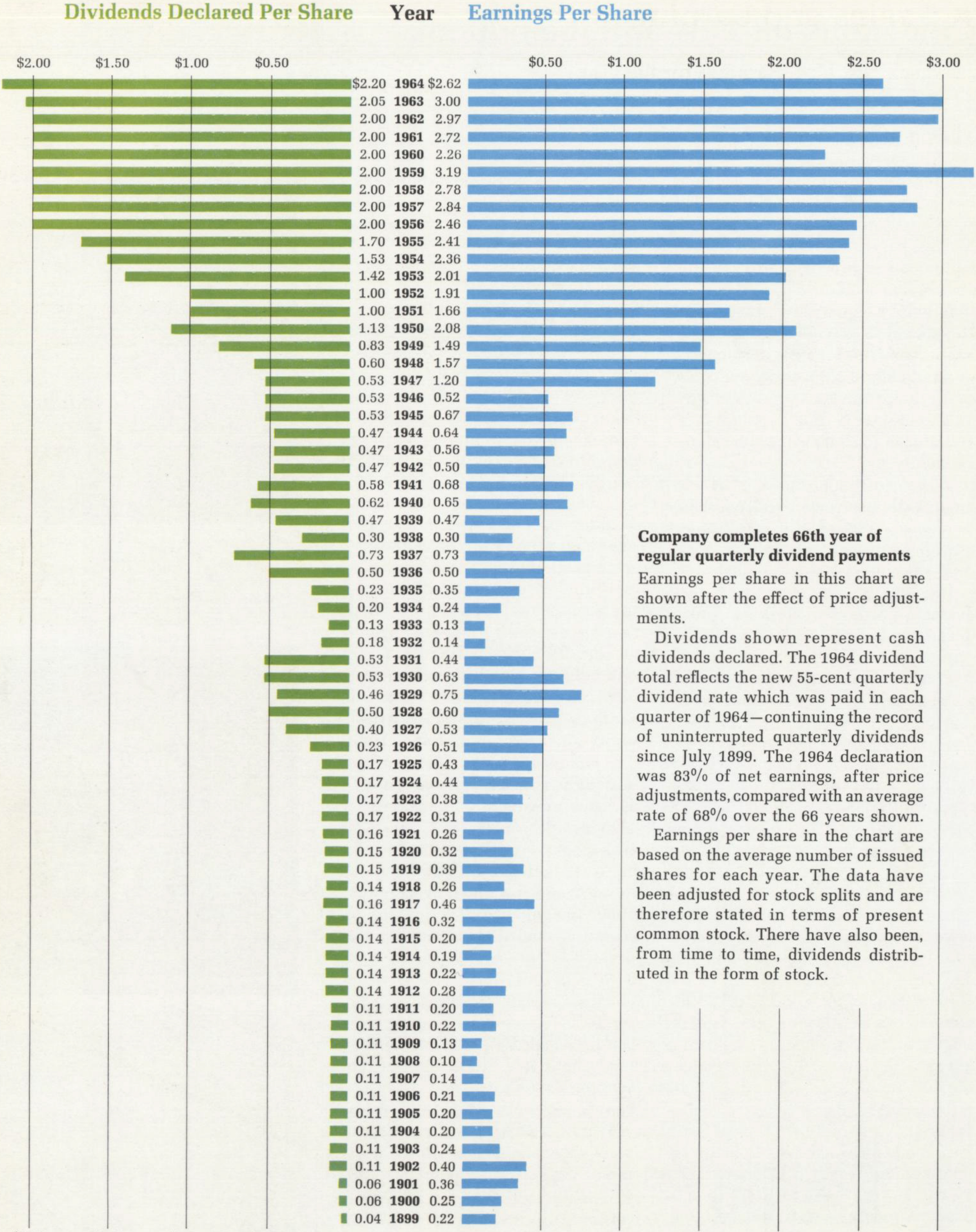
Fred J. Borch

President and Chief Executive Officer

G. L. Phillippe

Chairman of the Board

February 19, 1965



Company completes 66th year of regular quarterly dividend payments

Earnings per share in this chart are shown after the effect of price adjustments.

Dividends shown represent cash dividends declared. The 1964 dividend total reflects the new 55-cent quarterly dividend rate which was paid in each quarter of 1964—continuing the record of uninterrupted quarterly dividends since July 1899. The 1964 declaration was 83% of net earnings, after price adjustments, compared with an average rate of 68% over the 66 years shown.

Earnings per share in the chart are based on the average number of issued shares for each year. The data have been adjusted for stock splits and are therefore stated in terms of present common stock. There have also been, from time to time, dividends distributed in the form of stock.

1964 sales and earnings

Sales reach new high. Earnings for the year held below record because of 1964 price adjustments. Dividend payments raised to new level.

Sales that were above $5 billion in 1964 were reduced to $4,941,352,146 by the price adjustments discussed on the preceding pages. This was still above the previous record of $4,918,715,661 set in 1963.

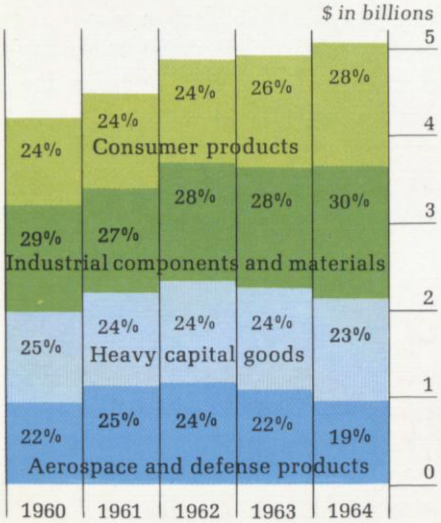
Before price adjustments, 1964 earnings reached a new high of $3.44 a share compared with $3.14 in 1963. However, price adjustments reduced 1964 earnings to $237.3 million, or $2.62 a share, while 1963 earnings had been reduced to $3.00 a share by similar adjustments.

Despite the impact of these 1964 adjustments, dividends were well covered by earnings. Dividends declared and paid to more than half a million General Electric share owners moved to a record $2.20 a share. In 1963, dividends declared were $2.05 a share and dividends paid were $2.00. Total 1964 dividends declared were $197.7 million.

The report on operations on this page and continuing through page 15 is based on results before price adjustments, since this is the most meaningful basis of analysis of the Company's 1964 operations.

On this basis, 1964 earnings were 6.2 cents per dollar of sales. Earnings related to capital invested—share owners' investment plus money borrowed—represented a return on investment of 15.1%.

General Electric sales 1960-1964



Consumer and industrial goods show sales growth in 1964

General Electric's total sales result from four main classifications of products, which are represented by the photographs at right.

Sales of General Electric consumer goods, advancing 10% over the 1963 level, rose to 28% of the Company's total sales in 1964. This category includes both G-E and Hotpoint major appliances, electrical housewares, electronic entertainment equipment, and lamps in thousands of varieties.

A 9% increase in sales of industrial components and materials in 1964 raised this category's percentage of total sales to 30%. Included here are small electric motors, instruments, chemicals, special metals, electronic components and communications equipment, as pictured in test, at right.

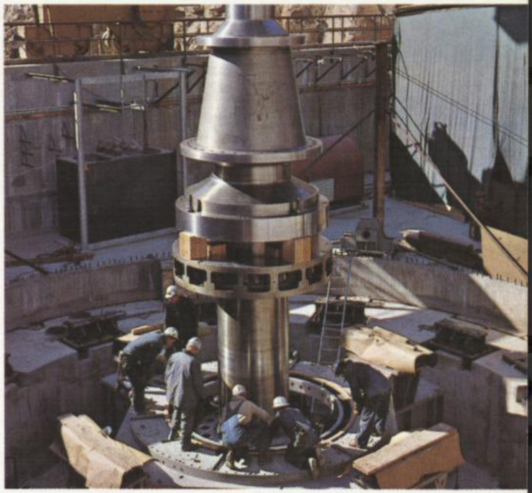
The dollar volume of heavy capital goods sales in 1964 held even with the 1963 level; however, its percentage of total sales fell to 23%. This classification includes large industrial equipment such as diesel-electric locomotives and large motors and generators, as well as equipment for generating, transmitting and distributing electric power.

Aerospace and defense sales by defense product departments in 1964, represented at right by high-power radar equipment from General Electric, fell 11% and were 19% of the Company's total 1964 sales.

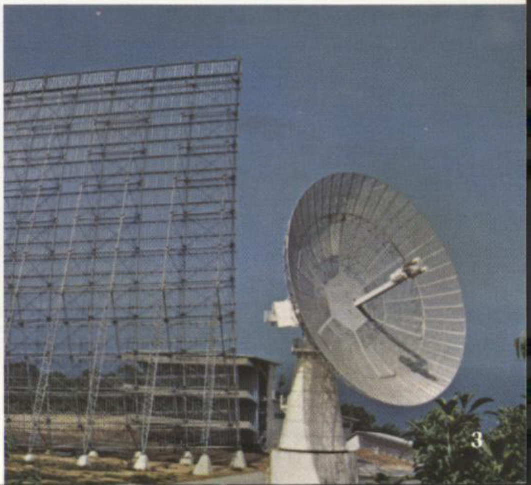
The backlog of unfilled orders increased 17% during 1964, reaching an all-time high at the end of the year. Unfilled orders for commercial products increased substantially, more than offsetting a decline in aerospace and defense backlogs.

Consumer goods—up 10% in 1964

Industrial goods increased 9%



Heavy capital goods match '63 level



Defense products—down 11% in 1964 >

Consumer goods set 1964 sales pace

Record results gained by all main product areas as innovations prove popular. Lamps, in 85th year, continue growth in sales and values to customers.

Kitchen in Switzerland reflects the universal appeal of G-E products for electrical living

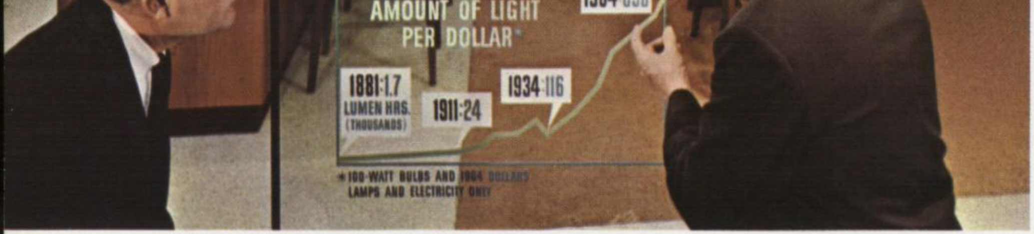


Chart in new Residence Lighting Center shows that lamps offer more values than ever

Products for electrical living met with strong demand throughout 1964.

A prosperous economy and an income tax reduction gave consumers greater spending power. Housing construction was at a high level. The appliance replacement market is picking up as units bought at the end of World War II approach retirement age. And family formations are beginning to climb as "war babies" marry and start their own homes.

General Electric people turned these opportunities into a third straight year of sales growth for each area of the Company's consumer products: General Electric and Hotpoint major appliances, electrical housewares, electronic entertainment equipment and lamps.

The year's sales successes were aided by innovations that won customer favor. Another factor was homemakers' increasing recognition that the Company builds products to high standards of performance and quality. And the years of steady improvement in after-sale service are paying off in customer confidence that leads to new sales.

New oven, refrigerator designs win customers' approval

One of the innovations that proved highly popular was the General Electric P-7 range oven, which cleans itself electrically. This feature is now available in seven models, including a 24-inch built-in unit aimed at the replacement market. The Spacemaker refrigerator, which increases food storage capacity without requiring more kitchen space, and the new Americana refrigerator with its built-in counter also contributed to the sales rise.

Hotpoint's solution to oven cleaning —non-stick wall panels removable for easy washing—sold well and is being offered in additional models. The new 26-cubic-foot refrigerator-freezer side-by-side combination was also successful in building 1964 sales.

Housewares' best year highlighted by acceptance of new products

Sales of G-E electrical housewares rose to another record in 1964, aided by their increasing popularity as gifts for many occasions. New products—including an electric cigaret lighter, shoe polisher and portable cleaner—were introduced during the year.

A 1964 statement by the Council on Dental Therapeutics of the American Dental Association accepts the G-E automatic toothbrush as "an effective cleansing device for use as part of a program for good oral hygiene to supplement the regular professional care required for oral health." Introduced by the Company two years ago, the toothbrush remains a best seller.

Portable entertainment products lead consumer electronics sales rise

The 9-inch transistorized, battery-operated TV set introduced in 1964 continued the Company's sales leadership in portable receivers. The 11-inch portables, introduced in 1963, contributed strongly to 1964 sales. Other responses to consumers' desires for portability are a battery-operated phonograph and an expanded line of portable radios.

The Company, successfully meeting foreign competition, is a leader in sales of portable, table and clock radios.

In color television, General Electric is emphasizing reliable performance. Ten-day home trials are offered in many locations to demonstrate the quality of G-E sets.

A new product to entertain and educate children, the "Show 'N Tell" Phono-Viewer combining phonograph and slide-film viewer, was introduced in time for Christmas giving.

Greater values for customers keep lamp business growing in 1964

Lamps, in their 85th year, continued to be a growth business.

The record 1964 lamp sales reflected many year-by-year improvements in lamp values that go almost unnoticed. Taking into account lamp efficiency, cost of bulbs and cost of electricity, the 100-watt bulb being sold today gives three times as much light for the money, in 1964 dollars, as the 100-watt bulb of 1939. The 25-year comparison for fluorescent lamps is even more striking: today's dollar buys 11 times as much light as that provided by the 40-watt fluorescent available in 1939.

The more apparent improvements are those in new lamps. In 1964 the New York World's Fair became a showcase for General Electric developments. Among the dozen new types of lighting sources adding to the Fair's beauty were the Company's square panel fluorescent lamps that make the Fair's distinctive streetlights possible, "dichroic" floodlamps that mark a new and better approach to colored lighting effects, and "Multi-Vapor" lamps which are used in the Fountain of the Planets and for attractive landscape lighting.

Company continues to improve after-sale product service

General Electric in 1964 further strengthened its ability to deliver prompt, courteous service.

Housewares Servicenters were increased to 51. In most instances, customers who bring in housewares, radios and portable phonographs can receive same-day service. To provide service on major appliances, the Company conducts its own service operations in 62 metropolitan areas. These are equipped with radio-dispatched trucks stocked to handle most calls in one visit.

To build the skills of independent servicemen the Company introduced self-study programmed instruction courses in good service techniques.

The convenience of putting major appliance service on an annual-fee basis helped increase sales of General Electric service contracts.

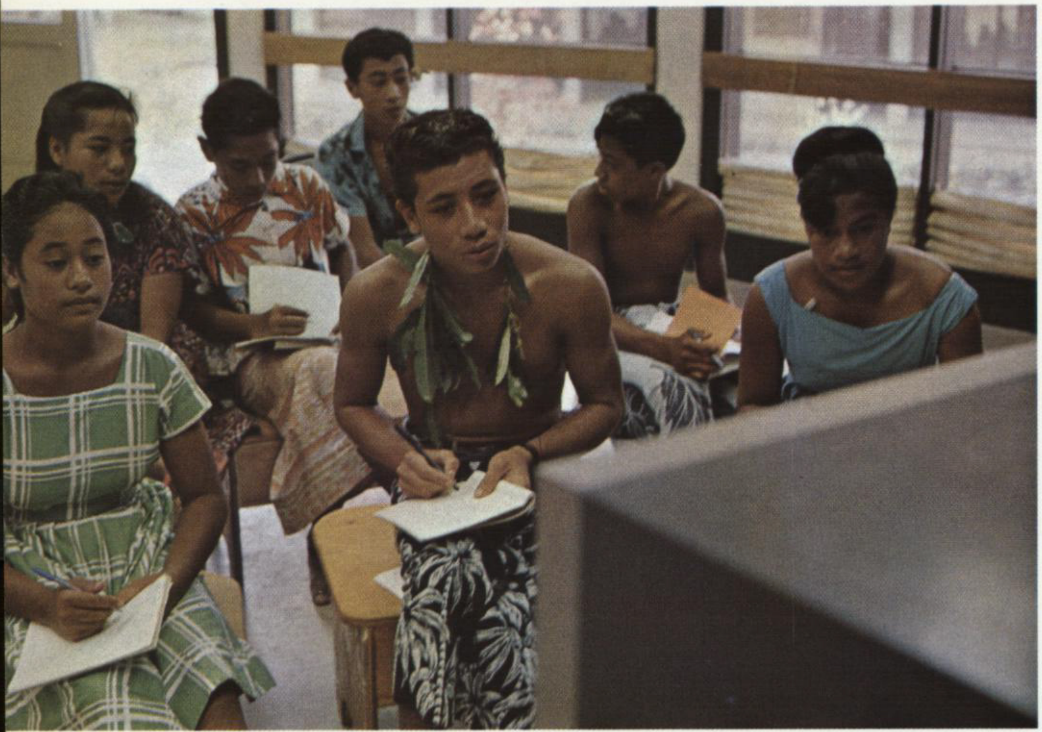
An "appliance trousseau"—new gift ideas

"Show 'N Tell"—educational fun

For 'teens on the move—portability

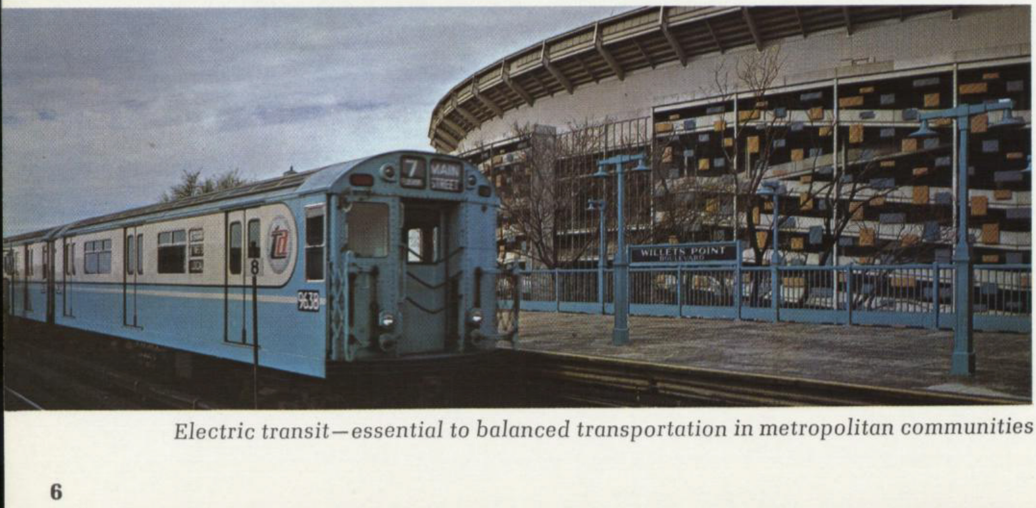
Contributing to better communities

1964 examples show how General Electric is building new business through innovations that help to meet today's challenges in education, health, transportation and urban development.



New TV network with G-E equipment aids Samoa's educational system

Hospital aids include new patient monitors... paging system for doctors



Electric transit—essential to balanced transportation in metropolitan communities

Electricity is being relied upon increasingly to help meet many of the challenges of our growing urban society. The rapid growth of the service industries which deal with these challenges offers G-E people opportunities both to develop new markets and to confirm that "General Electric cares" about social progress.

One outstanding 1964 example is pictured at left: young Samoans learning by means of the new educational television network using General Electric equipment and know-how to link these islands' schools.

Alabama's educational television network, largest in the U.S., expanded its operations—again with the Company's equipment.

General Electric, long a supplier of X-ray equipment, is increasing its service in medical electronics. A patient-care system, now in hospital tests, continuously monitors the condition of cardiac patients, and a new automatic Dial Paging System is available for both hospital and industrial use.

New developments advance land, air, sea transportation

Interest in electric rapid transit showed a marked increase. New cars powered by G-E propulsion systems went into service in Chicago and New York. In San Francisco, which is planning a billion-dollar transit program for the Bay Area, the Company is actively demonstrating its ideas for an automated system utilizing radar to control distances between trains and a G-E computer to monitor and regulate rail traffic.

Rapid transit is a business with great potential. A G-E study shows that 36 U.S. cities could benefit from developing balanced transportation systems including electric transit, yet only five cities have such systems. Others are taking steps toward new transit lines.

General Electric increased its sales of diesel-electric locomotives, both at home and abroad. In the U.S., 18 major railroads are now operating G-E high-horsepower mainline locomotives.

In commercial aviation, two executive jet aircraft which use General Electric engines, the Lear and Aero Commander jets, passed their flight qualification tests in 1964. Two others, the HFB 320 Hansa and the Pan Am Fan Jet Falcon, flew for the first time.

Civil and military customers for G-E-powered helicopters increased to 55 users in 17 countries. Helicopter airways operators and customers benefit from a new air travel service using G-E-powered craft. The helicopter service, illustrated at right, utilizes a joint reservation and fare arrangement between airlines and helicopter airways carrying passengers into urban areas.

The Company's Central Operations System for shipboard automation, used in new ships entering service in 1964, permits full control of the ship from the bridge, including automatic control of the engine room. Results: closer coordination of performance, lower costs and greater all-around competitiveness. New ships are also using the Company's equipment for converting salt water to fresh, and G-E MST-13 turbine propulsion systems.

Total-electric construction wins new customers

Awareness is growing that total-electric construction, including electric heat, can lower construction and maintenance costs for commercial and public buildings as well as for homes.

The Construction Market Development Operation works with builders to increase their knowledge of the wide range of G-E products and to demonstrate the advantages of total-electric construction. In 1964 the Operation successfully promoted the use of the Company's products in many new hospitals, schools, shopping centers, office buildings, motels and banks, as well as in residential developments.

To enlarge the Company's business in this area, a Construction Industries Division was established in 1964 to coordinate the efforts of six product departments. The Division offers this market a number of innovations in circuit protective devices, wire and cable, remote control wiring, electrical controls, panelboards and switchboards.

Good lighting is part of urban development

The Company's mercury luminaires, installed in St. Louis in 1964, created the world's most brightly lighted downtown complex. Many other cities are taking similar steps to make streets safer and more attractive, bringing new business into urban centers.

Recreation also benefits from the Company's lighting: the growth of lighted golf courses is being followed by lighted slopes for after-dark skiing. Newly lighted sports facilities include Miami's Orange Bowl. In Houston, Texas, construction of the country's first permanently domed, all-weather stadium neared completion. It uses a wide variety of G-E products, including motors, transformers and lighting equipment.

General Electric contributions aid U.S. education

In support of educational institutions, the Company authorized contributions of more than $3.7 million in 1964, including assistance in supplying G-E equipment for educational use.

The General Electric Foundation, a Trust established by the Company, also provided grants to more than 600 educational institutions. One form of support is the Corporate Alumnus Program under which the Foundation matches gifts by Company personnel to their alma maters up to $2,000 per person per year. Total contributions by the Foundation in 1964 were $1.4 million.

For St. Louis—brighter, safer streets

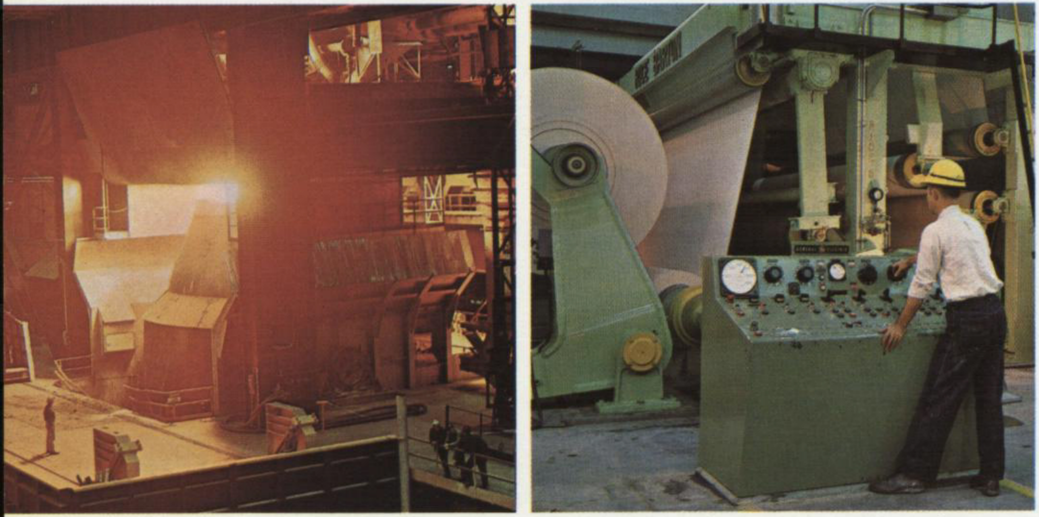
G-E powered 'copters ease travel

G-E system coordinates new ship

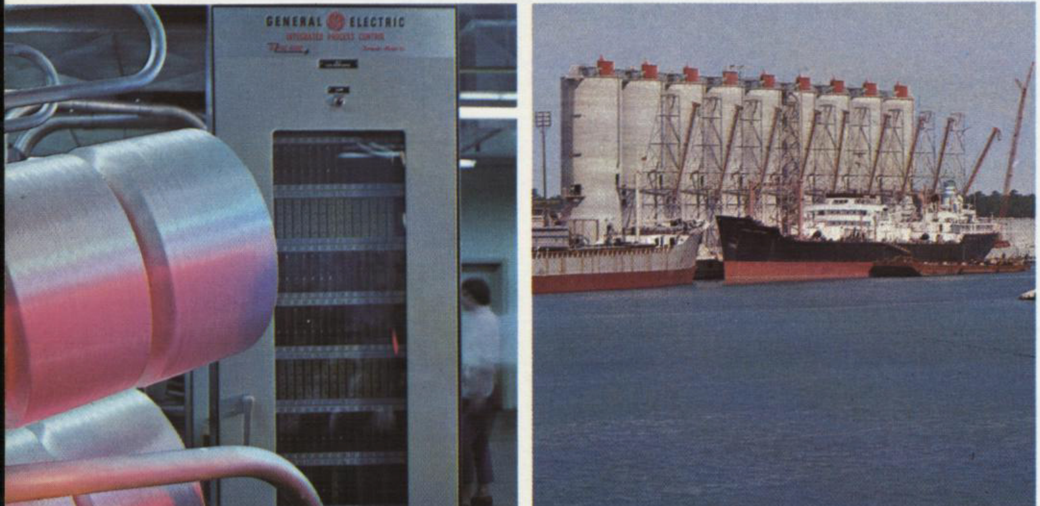
Industry–largest G-E customer

Company draws sales growth from industry's drive for lower costs. Demand for computerized systems increases. General Electric developments contribute to 'materials revolution.'

G-E automation systems: freight classification yard under computer control…



Controls for new steel mill, and for mile-a-minute paper production…



Electronic control for textile mill, instrumentation for cement plant

Industry's search for lower cost components, materials and methods grows more urgent as international competition intensifies. Helping customers meet these needs, General Electric increased its sales to other businesses in 1964, further enlarging industry's role as the Company's largest customer.

In its drive for greater efficiency, industry is becoming "systems-oriented." That is, businesses are looking to suppliers to provide complete and integrated systems for control of production lines and processes. This is an approach in which General Electric people excel and for which the Company has developed all the essential components, from motors and instruments to Directo-Matic II® solid-state controls and GE/PAC 4000 process computers.

G-E systems help customers improve their productivity

The range of advanced G-E electronic equipment offers the advantage of being "compatible," allowing customers to make additions to their systems without requiring costly intermediate devices. Examples of 1964 systems supplied to a growing span of industries are pictured at left:

– A railroad freight classification yard, whose control is centered in a G-E process computer. On the basis of information about schedules received from punched tapes, and freight-car data transmitted from the system's sensing devices, the computer directs the coupling of cars to the right train for their next destination.

– New steel mill, representative of plants relying on General Electric computers and GE/MAC instrumentation for control of oxygen furnaces.

– Paper mill, one of many now using the Company's electronic control systems to speed paper production and improve quality.

– Textile mill, which achieves better uniformity in producing synthetic fibers through use of G-E Integrated Process Control equipment.

—Cement plant in the Bahamas, one of a number of plants abroad and in the U.S. to which the Company is supplying advanced GE/MAC instrumentation and computer controls.

These examples indicate General Electric's leadership in the growing market for industrial process computers and controls.

G-E data-processing computers selected for key projects in 1964

In today's fast-growing business in data-processing computers, the Company has won a firm foothold. Sales rose sharply in 1964.

Several of the year's most significant assignments were awarded to the new GE-600 line of large-scale computers. Massachusetts Institute of Technology selected the GE-635 system to handle a project for the Advanced Research Projects Agency of the Department of Defense. This study, aiming at improving the ability of computer users, is one of the most advanced computer research projects. Bell Telephone Laboratories, Inc., chose a GE-635 to replace one of four large computer systems.

G-E materials developments help change industry patterns

Lexan® plastic streetlight luminaires tough enough to be vandalproof, silicone sealants that hold up for years, "Man-Made" diamonds whose first consumer use is in phonograph needles—these exemplify General Electric contributions to the "materials revolution" as industry replaces old materials with new. The developments also indicate why materials form one of the Company's fastest-growing businesses. Among 1964 examples of progress:

—Improved production techniques for Lexan plastics have increased their applications to products as varied as nursing bottles and protective helmets.

—Sales of silicone chemicals increased, aided by the popularity of the new sealants discussed on page 22.

—Applications of G-E diamonds in masonry saws helped boost 1964 sales.

—G-E Lodex® Permanent Magnets are finding increasing application, including use in automobile dashboard instruments.

G-E components help improve products of other manufacturers

Millions of products marketed by other manufacturers include the Company's electrical components. General Electric has built this business by developing high-quality components tailored to customers' needs. As an example, the Component Products Division offers more than 2,000 standard ratings and thousands of variations of its Form G and G2 electric motors used in air conditioners, furnaces and other products. A tiny new motor is being supplied for battery-operated small appliances.

Sales improved for both G-E semiconductors and vacuum tubes. New mass-production techniques enable the Company to supply high-reliability transistors at low costs, with good sales resulting from their use in radio and audio products of many companies.

Portable appliances and cordless tools have opened up new markets for rechargeable batteries and solid-state rectifiers. G-E sales of both types of components made good gains in 1964.

Larger components supplied by G.E. include the motorized-wheel electric drive for the truck shown in the center picture at right and motors and cables for the world's largest shovels. To the machine tool industry the Company is a leading supplier of numerical controls using punched-paper tapes.

To win new customers abroad, the Switchgear Department's Value Caravan shown at right toured Europe with advanced American products for handling and converting power.

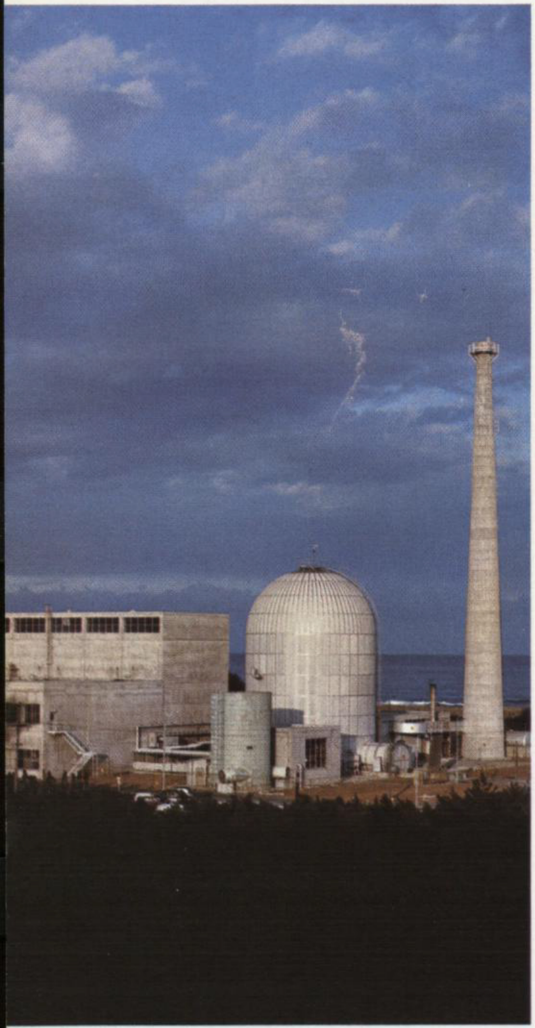
For industry in '64: Lexan plastics...

Motors to drive big equipment...

Switchgear caravan of ideas for Europe

Orders from power producers climb

Utilities' search for ways to keep electricity costs low broadens market for EHV transmission, higher-capacity generators. New contracts brighten nuclear prospects.



Far East's first nuclear power plant...

...relies on G-E reactor and control system

Fresh winds of change are sweeping the electric power industry. Utilities, seeking new ways to supply their customers with low-cost electricity, are pooling their systems in regional extra-high-voltage (EHV) power grids. Construction of these grids demands new developments in power equipment—much larger plants, faster circuit breakers, and power transformers with far higher ratings.

In 1964, General Electric engineering innovations met many of these needs and helped boost sales to power producers. Increased orders, particularly in the year's final months, pushed the Company's backlogs to record levels.

Further utility acceptance in 1964 of General Electric nuclear power plants, lightning-fast air-blast circuit breakers, and other improved designs moved the Company into an excellent position to serve future utility requirements.

Nuclear power plants become 'conventional'

1964 developments enable the Company to offer boiling water reactors on the same firm basis as "conventional" power sources. Ability to supply larger nuclear plants—individually rated at one million kilowatts or more—cuts plant investment costs and meets the utilities' need for plants with greater capacity. Further plant simplification and standardization of nuclear components provide for reliable, low-cost operation. General Electric issued a comprehensive price list for nuclear plants and components—the first such list in the industry—enabling customers to consider a nuclear purchase in the same way as other generating equipment.

Contracts were signed for large nuclear stations in New Jersey and New York, and for the Tarapur Atomic Power Station in India. The Japan Power Demonstration Reactor (left) and Italy's Garigliano Nuclear Power Station were turned over to customers. Work progressed on reactors in Germany and the Netherlands.

Commonwealth Edison has announced plans for another nuclear unit at its Dresden Station near Chicago. General Electric will supply the complete plant. In December, Dresden passed the four billion kw-hr production mark, keeping it the nation's leading nuclear power producer.

Interconnections build demand for EHV technology

The year's greatest sales growth in the utility area was in transmission equipment, the result of utilities' massive programs for interconnecting their systems. These extra-high-voltage ties enable them to share output from their most efficient generating stations and to exchange off-peak power. The 1964 upsurge in sales and orders reflects the Company's leading role in extra-high-voltage technology.

EHV requires larger equipment. Power transformers supplied to EHV lines in 1964 represent the most powerful units ever shipped from the Pittsfield, Mass., plant. Newly developed G-E 500-kilovolt air-blast circuit breakers are four stories high—requiring additional facilities in Philadelphia to provide more headroom. Research on arc plasmas, pictured at right, aids in design of new breakers.

Marketing effort has been increased overseas to boost sales of power circuit breakers and vacuum interrupters. Used in new G-E maintenance-free breakers, these interrupters are also sold as components to other apparatus manufacturers.

G.E. is at work on direct-current transmission which, under some conditions, is more economical than alternating current. General Electric is participating with the Swedish firm, ASEA, in the application of high-voltage d-c terminal equipment in the U.S.

Larger generating units ordered by power producers

EHV enables utilities to reduce power costs by ordering fewer, but vastly larger capacity, generating units. The Company is now building the world's largest steam turbine-generator, rated at 1,130,000 kw. This one unit could supply the residential electrical needs of a city of over one million people.

Shown at right is the Company's work on a new type of powermaker—a Reserve Power Unit driven by ten aircraft jet engines. The exhaust gas from the jet engines drives a turbine which, in turn, drives the electric generator. The unit offers extremely fast starting to meet a utility's peaking power requirements.

Utility peaking requirements, and industrial uses, boosted orders of gas turbine generators well ahead of 1963, with overseas orders rising strongly.

Orders were received for 16 hydroelectric generators of the largest size the Company has ever built.

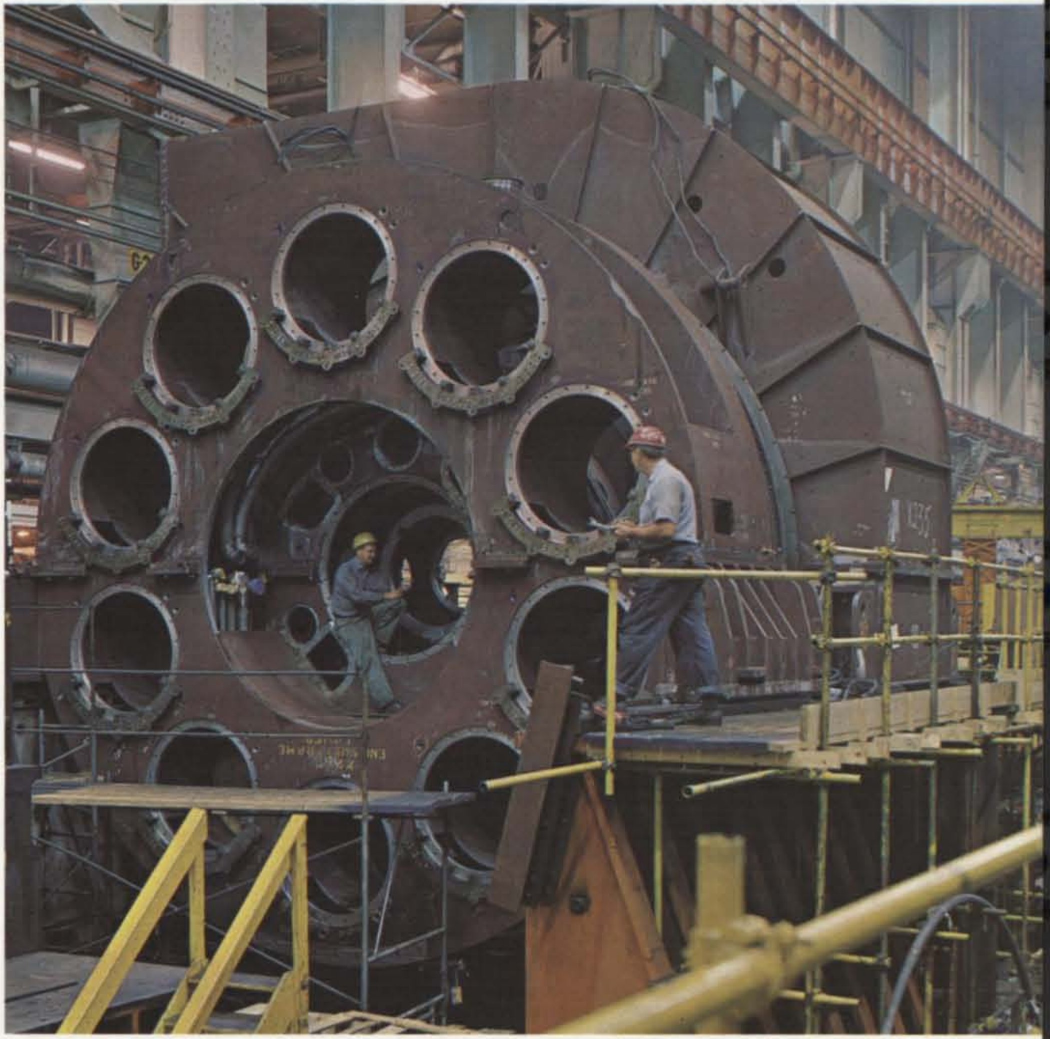
Advances made in distribution, automation systems

Pictured at far right is a G-E advance in electrical distribution equipment that was well received by customers in 1964. It is the "Seal-Pac" transformer, about half the size of a conventional tank-type transformer and designed for easy installation and good appearance.

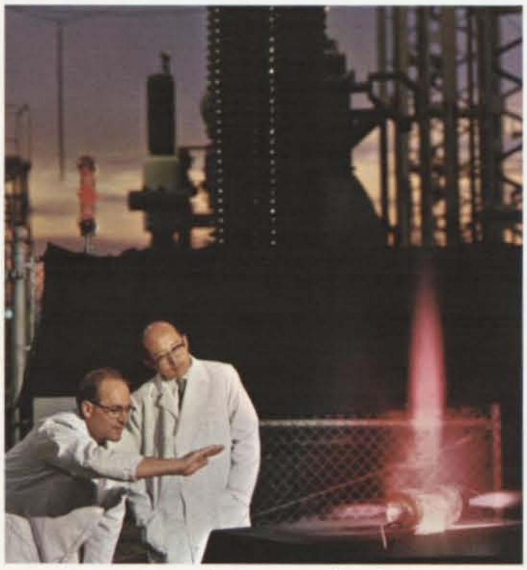
Also introduced was a new residential transformer for completely underground residential distribution.

Field testing continues on the GEPOL® polymer insulator — lighter, stronger and more resistant to cracking than porcelain — and on an Automatic Meter Reading and Control system.

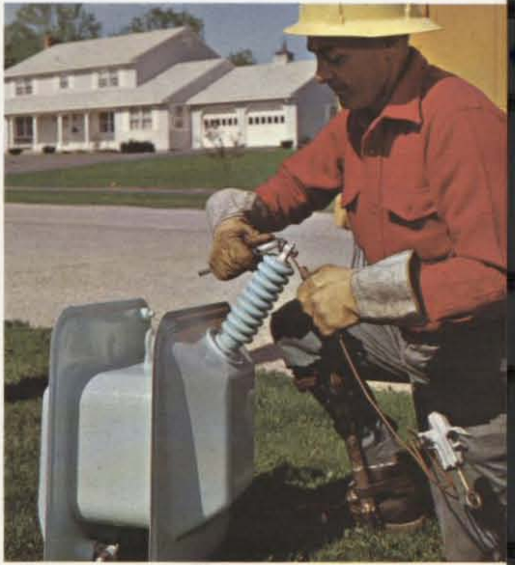
Power plant automation continues to interest utility customers. An additional order for a GE/PAC computer to control power generation was placed in 1964, extending General Electric's lead in this technology.



Power of 10 aircraft jet engines will drive new turbine-generator



Arc plasma research on circuit breakers



More attractive pole-type transformers

G-E space projects show strength

Company's work on lunar program stepped up during 1964. Jet engines power 'new breed' aircraft. Lower U.S. expenditures, maturing of some G-E projects reduce 1964 defense sales.

G-E contributions help shape gigantic Apollo facilities for moon shot

Delivered on schedule: G-E checkout equipment for lunar program

1964 was a year of decreased sales for many defense contractors, including General Electric. The market itself was smaller as the government cut back defense expenditures. In addition, some long-term G-E military projects reached maturity.

However, the tremendous range of the Company's contributions to the nation's security and space exploration programs, and its capabilities for handling highly complex systems, are expected to maintain General Electric's annual aerospace and defense business at about the billion-dollar level.

Work on the Apollo program to land a man on the moon increased sharply in 1964. The Company delivered, on schedule, the first of a series of complex electronic checkout systems as part of the reliability and checkout support being supplied to the National Aeronautics and Space Administration.

Many types of G-E electrical equipment and construction materials are being used in the Apollo Vertical Assembly Building (illustrated at left) at Cape Kennedy. G-E motors power the huge crawler-transporter which will carry the 360-foot-high vehicle to the launch pad.

Two General Electric developments are aiding the Gemini phase of the manned space program: the radio guidance system used in launching the craft into orbit, and fuel cells to supply its electric power.

In addition to guiding Gemini test launches in 1964, the Company's radio guidance system was used in launching the successful Ranger moon probe and the Mariner flight toward Mars.

In 1964, NASA's Nimbus weather satellite, assembled and tested by G.E., was successfully orbited. It provided the best photos of the earth's cloud cover yet received for improved forecasting. A Bio-satellite is currently being developed for extended orbital tests of animal and plant life. For the

Orbiting Astronomical Observatory, the Company has delivered a highly accurate control and stabilization system. G.E.'s advanced "gravity gradient stabilization" system will be used on NASA's new Applications Technology Satellite. General Electric is also developing the Mark 12 re-entry vehicle for the nation's Minuteman ICBM.

New developments stressed in jet engines, military electronics

General Electric's sales of jet engines in 1964 remained close to the 1963 level, with a continued substantial rate of J79 production assured in 1965. Sales of small jet engines, including the J85, increased in 1964.

Looking ahead, the Company is seeking to build future jet engine business through new applications. Ten "new breed" aircraft powered by G-E engines took to the air in 1964. Examples are pictured at right. Development work is also under way on advanced engines for potential use in two major U.S. aircraft programs: the commercial supersonic transport (SST) and the giant military heavy logistics transport. A jet engine diversification program has led to uses in hydrofoil ships, land-based aircraft catapults and electric power generation (see page 11).

In military electronics, too, the Company is stressing new developments to meet the changing needs of defense. Advanced projects in 1964 included:

—Flight control, radar and armament systems for the F-111 aircraft for use by the Air Force and the Navy;

—A revolutionary new form of radar which utilizes electronic, rather than mechanical, scanning;

—Microelectronic equipment for aerospace use, as represented by the computer on page 21;

—The world's largest sonar for surface ships; and highly efficient klystron tubes which sharply reduce radar operating costs.

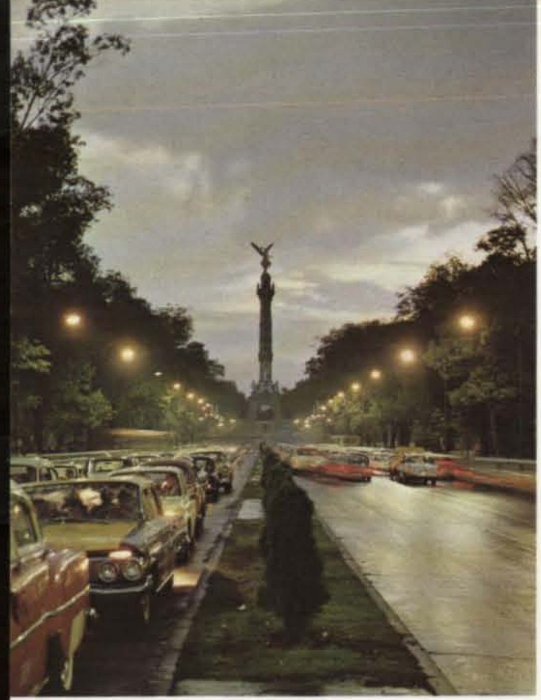
G-E engines power trio of U.S.A.F. supersonic jets: T-38, B-58 and Mach 3 XB-70

For vertical take-off: lift-fan and tilt-wing planes powered by G-E engines

G-E fuel cells will supply electric power aboard Gemini spacecraft

International sales reach $974 million

Canadian Company and overseas affiliates show further improvement in results. High level of export orders maintained.



For Mexico: outdoor lighting

For Canada: Canadian-built transformers

< For Venezuela: new refrigerator plant

Continuing to strengthen its role as a worldwide company, General Electric in 1964 achieved sales of more than $974 million to customers outside the United States.

This total is the result of a highly diversified approach to world markets. As summarized below, the total includes export sales made through the IGE Export Division or by U.S. product departments selling directly to overseas customers, as well as the sales of Canadian General Electric Company, Limited. These amounts are consolidated with the results of the Parent Company. In addition, the total includes sales (partly estimated) by foreign nonconsolidated affiliates for the year ended December 31, 1964.

	For the year 1964 (in millions)
Exports from the U.S.	$ 314.4
Sales by Canadian G.E.	324.4
Sales by foreign nonconsolidated affiliates	421.0
Gross international sales	1,059.8
Deduct: Intercompany sales	−85.4
Net international sales	$ 974.4

The Company continues to build its international organization. Four Area Divisions have been created—for Latin America, Europe, the Mediterranean and the Far East. To each is assigned a Division-level Manager who guides the development of the best ways to serve the Area's customers—whether by overseas affiliates, U.S. product departments serving directly, or through the IGE Export Division.

G-E technical leadership wins export sales

General Electric's strengths in advanced technologies opened up opportunities for large export sales and contributed to a surge of new orders in the last half of the year.

The Company was at work in 1964 on electrical generation equipment, including package gas-turbine power plants, for several countries, among them Spain, Iraq, India, Japan, Colombia and Venezuela.

Sophisticated automation systems form another export opportunity. The Company is supplying steel mill systems in Great Britain, Germany, Belgium, Italy, Spain, South Africa, Japan and the Philippines. For an Italian producer, the Company supplied automated controls for a hot strip steel mill, pictured at right, and for the world's most advanced materials handling system.

Diesel-electric locomotives were ordered by 13 countries around the world, and a single order from South Africa called for 65 of these units. New orders for General Electric steam-turbine propulsion were received from shipyards abroad. In late 1964, sea trials were held for the first foreign ship to incorporate both the Company's advanced MST-13 turbine and automated engine-room system, and further orders for these systems were received.

Strong marketing efforts led to increased export sales for other product lines: silicone chemicals, G-E diamonds, electronic components, tape-controlled systems for machine tools, construction materials, and motors.

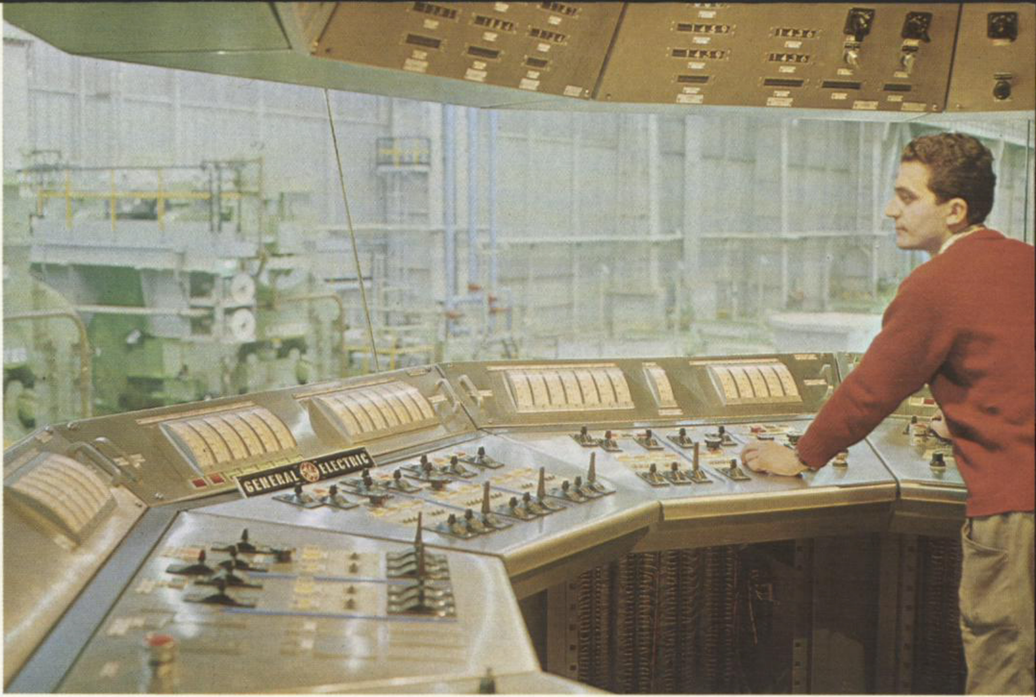
An expanding international business in outdoor lighting is represented (left) by new G-E luminaires on Mexico City's Paseo de la Reforma.

Canadian Company raises sales for third straight year

Sales by Canadian General Electric were $324.4 million, marking a further increase over the record sales for the preceding two years.

This Company's sales consist primarily of products manufactured by 17,184 employees in 10 Canadian communities. Canadian-made products range from nuclear reactors and heavy industrial machinery to lamps, semiconductors and chemicals. Results for 1964 showed particular strength in

For Europe: G-E industrial ideas . . . >



sales of major appliances, housewares, TV receivers, industrial equipment and electronic products. The Canadian Company is also a leader in supplying equipment for Canada's expansion of extra-high-voltage transmission.

Greatly improved results achieved by affiliates

General Electric has a majority interest in, or manages, affiliated companies in 29 countries outside the U.S. and Canada. Sales by these foreign nonconsolidated affiliates rose to $355.0 million for the 12 months ended September 30, 1964, compared with $258.4 million for the preceding 12 months. The 1964 total includes operations, from date of acquisition, of companies acquired during the period. The principal additional investments in 1964 were made in the new French companies, discussed on page 16, formed through agreement with Compagnie des Machines Bull. Operations of these companies from July 1, 1964, to September 30, 1964, are included in the combined statements shown at right.

General Electric's share of earnings by the affiliates was $3.9 million, compared with a $1.6 million loss in 1963. This improvement was made despite severe inflation, currency devaluation and political instability in some of the countries. The foreign affiliates continue to enlarge their manufacturing capacity, as indicated by the new Venezuelan refrigerator production facilities pictured at left.

Because of reinvestment of earnings in prior years, General Electric's share of net worth of the affiliates was $33.7 million greater than the $101.8 million cost of equity investments on the Company's books as of September 30, 1964. Dividends received from the affiliates, and included in the Company's earnings for the calendar year 1964, totaled $2,764,503, compared with $2,068,488 for 1963.

Foreign Nonconsolidated Affiliates—Combined Statements *(In millions)*

Financial Position September 30	1964	1963
Customer receivables	$187.4	$133.3
Inventories	191.9	128.7
Progress collections	–67.9	–71.1
Fixed assets	112.3	60.0
Other assets	199.9	78.3
Total assets	623.6	329.2
Borrowings from—General Electric	26.0	37.0
—Others	238.9	86.5
Other liabilities	174.5	104.6
Total liabilities	439.4	228.1
Share owners' equity	184.2	101.1
Interest of other share owners in this equity	–48.7	–9.4
General Electric's share of equity	135.5	91.7
Equity investments at cost	101.8	54.1
Excess of equity over cost of investments	$ 33.7	$ 37.6
Operations (twelve months ended September 30)		
Net sales billed	$355.0	$258.4
Earnings on these sales	$ 6.4	$ 2.7
Interest of other share owners in these earnings	1.1	–0.1
General Electric's share of earnings on sales	7.5	2.6
Provision for the effect on net assets, except fixed assets, of net decline in local currencies	–3.6	–4.2
Net earnings or loss (–)	$ 3.9	$ –1.6
Dividends for calendar years, included in G-E earnings	$ 2.8	$ 2.1

Sales rise for G-E consumer goods >

Investing for profitable growth

Participation in firms abroad, expansion of facilities in new technologies aim at greater service for customers and new business for General Electric.

From new G-E investments: computer facilities and professional know-how in France…

Advanced electronics and data processing capability in Italy…

New housewares producers in the European market

In 1964, General Electric put its financial resources to work to serve more fully the needs and wants of customers throughout the world.

This emphasis was reflected in selective investments in businesses overseas. These enlarge the Company's participation in world markets for electrical products—markets which in many countries are growing more rapidly than in the U.S.—while contributing to other nations' economic growth.

Agreements with Machines Bull, Olivetti reached in 1964

Two major agreements to invest in European companies serving the continent's fast-developing business in electronic data processing equipment were consummated during the year.

The first investment, of about $43 million, gives the Company an approximate half-interest in Compagnie Bull General Electric and Societe Industrielle Bull General Electric to which Compagnie des Machines Bull of France has transferred its operating assets. Included are Bull's laboratories, production facilities, and a worldwide marketing and service organization. A new management team, combining Bull's and General Electric's managerial experience, was established in 1964.

The second investment will give General Electric a substantial interest in a new company to be named Olivetti-General Electric. During 1965 it will receive the electronic data processing business and electronics laboratory of Ing. C. Olivetti & C., S.p.A.

Application of General Electric's research, technical and management capabilities should shorten the time before these companies can produce satisfactory earnings results. Aided by complementary capabilities in the Bull and Olivetti organizations, a firm new base has been provided for building a profitable volume of business in rapidly expanding world markets.

Company invests in overseas suppliers of home products

Electrical home products, for which the international demand is expanding, is another market in which General Electric expects to compete more vigorously as the result of 1964 investments.

The Company acquired majority interests in two European suppliers:

—Prometheus, GmbH, a West German manufacturer of housewares; and

— The Esge Group, based in Zurich, Switzerland, with Swiss, French and West German plants, marketing a varied housewares line.

These companies' managers are taking steps to improve products and strengthen their participation in Europe's housewares market.

The Company also acquired a majority interest in an Australian appliance manufacturer.

Investments in U.S. and Canada stress new technologies

General Electric's 1964 investment in expansion and modernization of facilities in the U.S. and Canada totaled \$130.0 million, an increase of 16% over the 1963 total. Much of this total, and of newly authorized construction, was aimed at making the Company a more vigorous, lower-cost competitor in advanced technologies.

The Computer Department, for example, is making a 188,000-square-foot addition in Phoenix, Ariz.

The Atomic Power Equipment Department is obtaining new "growing room" through additional facilities in San Jose, Calif.

At Mt. Vernon, Ind., facilities are again being expanded for production of Lexan plastics. Growth of the Company's chemical business was also recognized by the opening of a new Laminated Products Laboratory at Coshocton, Ohio, to advance the Company's role as a supplier of Textolite® plastic surfacing materials, printed circuit boards for the electronics industry and other products.

At Waynesboro, Va., the Company expanded its facilities for the production of high-reliability sealed relays used in aerospace and defense applications.

Other investments are improving the facilities for production of silicon signal diodes in Syracuse, N. Y., "Man-Made" industrial diamonds in Detroit, Mich., and new aluminum capacitors in Irmo, S. C. These economical capacitors are expected to replace costly tantalum units in aerospace use.

Major expansions were undertaken to lower costs and improve the Company's service to customers for its older and more established product lines.

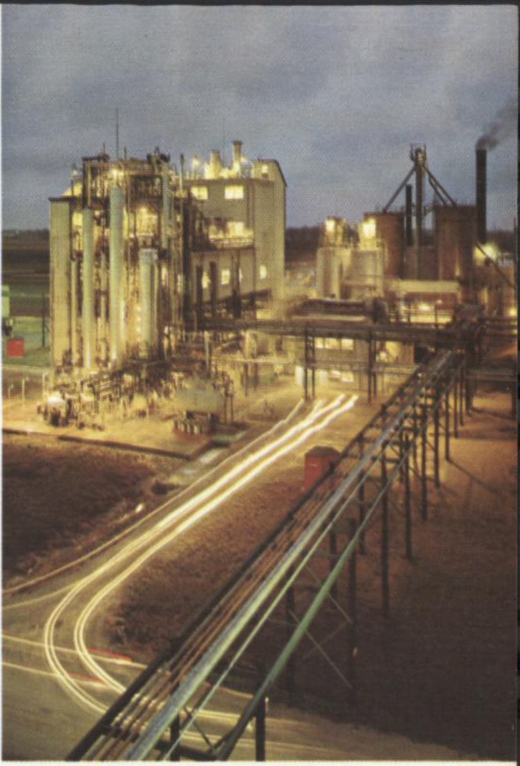
Appliance Park, in Louisville, Ky., is being further expanded. Additional facilities make room for increased manufacture of self-cleaning ovens and of dishwashers and Disposalls® to meet accelerated demand. A warehouse addition, totaling 530,000 square feet, will be highly automated. This expansion will cut distribution costs and permit improved delivery to customers.

Additional facilities for manufacture and warehousing of console and portable stereo phonographs are being utilized at Decatur, Ill.

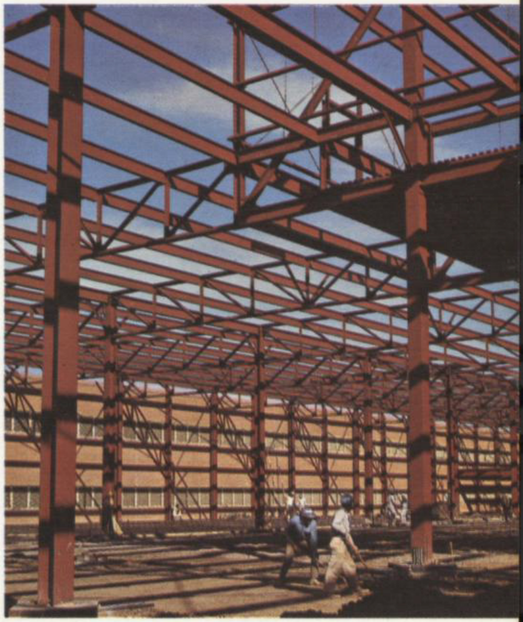
Completion of a 450,000-square-foot central lamp warehouse in Ravenna, Ohio, provides a highly automated facility for efficient storage and swift distribution of 5,000 different types of lamps from 10 manufacturing plants. The control system (right) supplied by the Industry Control Department moves platform trucks automatically from storage areas to loading docks.

Enlargement of the Houston, Texas, facilities meets increased demands for electrical panelboards and switchboards.

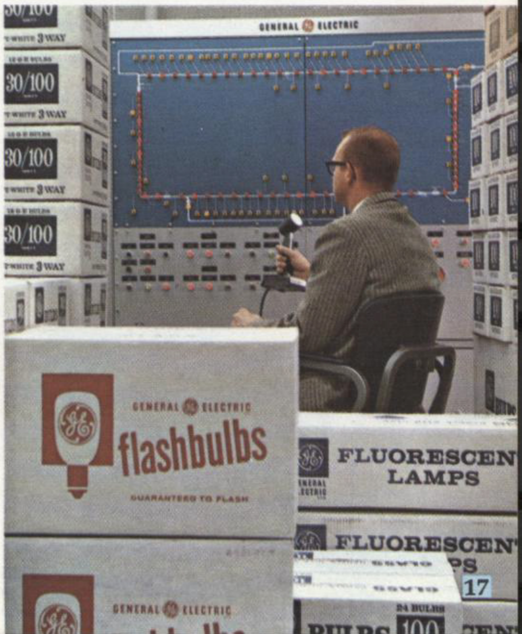
All in all, at the end of 1964 the Company was utilizing a total of 173 separate manufacturing plants located in 138 cities in the U.S. and Canada.



U.S. investments: Lexan in Indiana...



Computer expansion in Arizona...

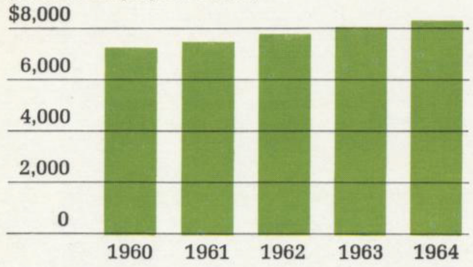


New lamp facility in Ohio >

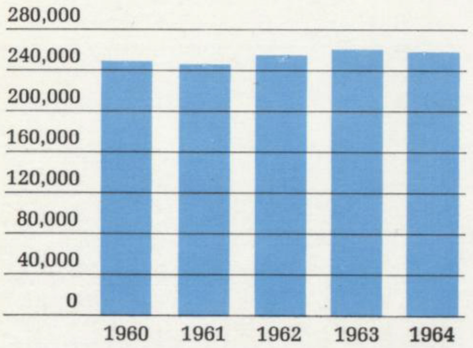
Progress for General Electric employees

1964 compensation shows a further increase. Job opportunities grow in commercial fields. Educational programs enable employees to develop their full potential.

Average Annual Compensation per Employee **$8,348**
(Includes Employee Benefits)



Average Number of Employees **262,056**



PENSION TRUSTS for employees of General Electric and its subsidiaries

(in millions)

Operating Statement	**1964**	**1963**
Total assets—Jan. 1	$1,274.1	$1,214.9
Plus: Company contributions	25.6	26.4
Employee contributions	19.5	17.5
Investment income	63.5	54.1
	1,382.7	1,312.9
Less: Pensions paid	45.1	38.8
Total assets—Dec. 31	$1,337.6	$1,274.1
Financial Position—Dec. 31		
Investments at cost	$1,317.5	$1,250.1
Cash	0.3	0.5
Other assets—net	19.8	23.5
Total assets	$1,337.6	$1,274.1
Liability to pensioners	$ 336.0	$ 301.4
Reserve for pensions to participants not yet retired	1,001.6	972.7
Liabilities and reserves	$1,337.6	$1,274.1

At December 31, 1964, estimated unfunded liabilities totaled $146.9 million. Market value of investments was $1,732.2 million on that date.

A job with General Electric continued in 1964 to rank among the most attractive in industry, enabling the Company to compete for highly qualified people to man its worldwide operations.

Compensation increased, reflecting both pay and benefits adjustments. Average annual compensation per employee was a record $8,348, which was $277 higher than the 1963 average. Under union contracts running to October 1966, a negotiated pay increase of roughly 2.5% was effective in September 1963; the next 2.5% increase will become effective in April 1965.

In addition to pay, the compensation total includes the Company's cost for a wide range of benefits, including paid vacations and holidays, income security plans, life and medical insurance, and pension plans (statement at left). Total compensation costs of $2,187.5 million were 42 cents for each sales dollar.

In 1964 the Company paid $43 million for social security taxes and $20 million in unemployment compensation taxes.

Average employment holds at high level in 1964

Increased employment in commercial businesses offset a drop-off in defense work. Average 1964 employment totaled 262,056, almost unchanged from last year's level. More than 38,000 people joined the Company to fill new employment opportunities, replace retirees and fill other vacancies.

General Electric makes it possible for employees to develop to their full potential, regardless of race, creed or color. Job opportunities are interrelated with educational opportunities, including in-plant training courses which enable employees to upgrade their skills and prepare for better jobs.

The Apprentice Training Program passed a milestone in 1964 with the graduation of its 12,000th apprentice.

Employees are increasing their participation in the Company through savings plans that enable them to become share owners. The Company contributed $29 million in 1964 to the General Electric Savings and Security Program. At the end of this program's third holding period on December 31, 1964, approximately 100,000 participants became entitled to a payout package consisting of U.S. Savings Bonds with a maturity value of approximately $35 million, and about 673,000 shares of Company stock with a market value of about $63 million.

The Company also contributed shares with a market value of $2 million as bonuses to participants in the earlier Savings and Stock Bonus Plan.

Schenectady agreement shows employees' competitive spirit

An agreement reached in Schenectady in October 1964 showed understanding by the plant's employees that their individual welfare and job security are linked to helping the Company compete more strongly in world markets.

Pay inequities, lagging productivity and resulting high costs had been losing important orders that meant sales for the Company and work for employees. With helpful community understanding, management and the union negotiated a realistic plan in which it was agreed to correct the excessive pay rates and improve productivity. Management provided payments to ease the transition and launched a massive plant and equipment investment program designed to improve unit costs and help make Schenectady operations fully competitive.

The Schenectady agreement is one significant indicator of the competitive spirit of General Electric people, as expressed at right by other examples of emphasis on self-development as well as on product quality, innovations and service to customers.

Competitive people who give General Electric one of industry's finest creative and productive teams are exemplified by these 11 individuals:

1. Raymond Becker, *one of Appliance Park's quality control inspectors whose signatures, affixed to each appliance they inspect, are their personal guarantee to the customer.*

2. Calvin Green, *engineer, among the 610 1964 members of the Manufacturing Training Program.*

3. Jan Donovan, *hostess at Progressland—one of the crew of young people whose enthusiasm helped make the General Electric exhibit a winner in the hot competition for World's Fair visitors.*

4. Rudi Appenzeller, *Zurich appliance marketing man, building new business in Europe for G-E consumer products.*

5. Robert Allen, *vertical boring mill operator, representative of Schenectady employees who are helping their plant win new orders in worldwide competition.*

6. Lloyd Spafford, *one of 97 participants in the Advanced Course Doctoral Program working toward doctorates in engineering.*

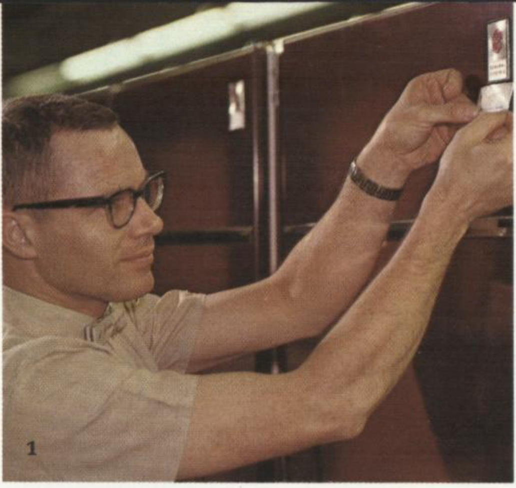
7. Van Claxton *of the Flight Propulsion Division, one of 106 participants during 1964 in the Company's General Management Course, offering 13 weeks of intensive study of professional management.*

8. Gertrude Sheehan, *in new Housewares Servicenter in Boston, represents employees who make after-sale service an opportunity for gaining customers' good will.*

9. Peggy Whittaker, *member of the Owensboro, Ky., team making vacuum tubes so efficiently that the Company has won orders in the Far East.*

10. Raymond Griggs, *industrial sales engineer, representative of G-E people who serve customers with both marketing knowledge and technical skill.*

11. Jacqueline Pinckney, *communications expert—editor of the General Electric News for the Space Technology Center.*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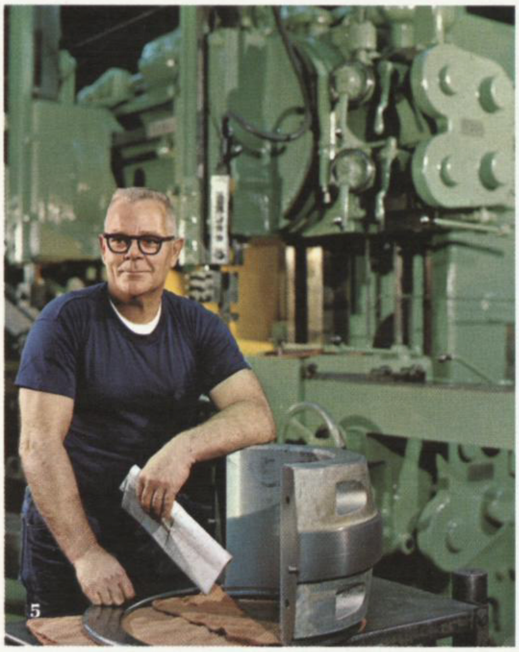
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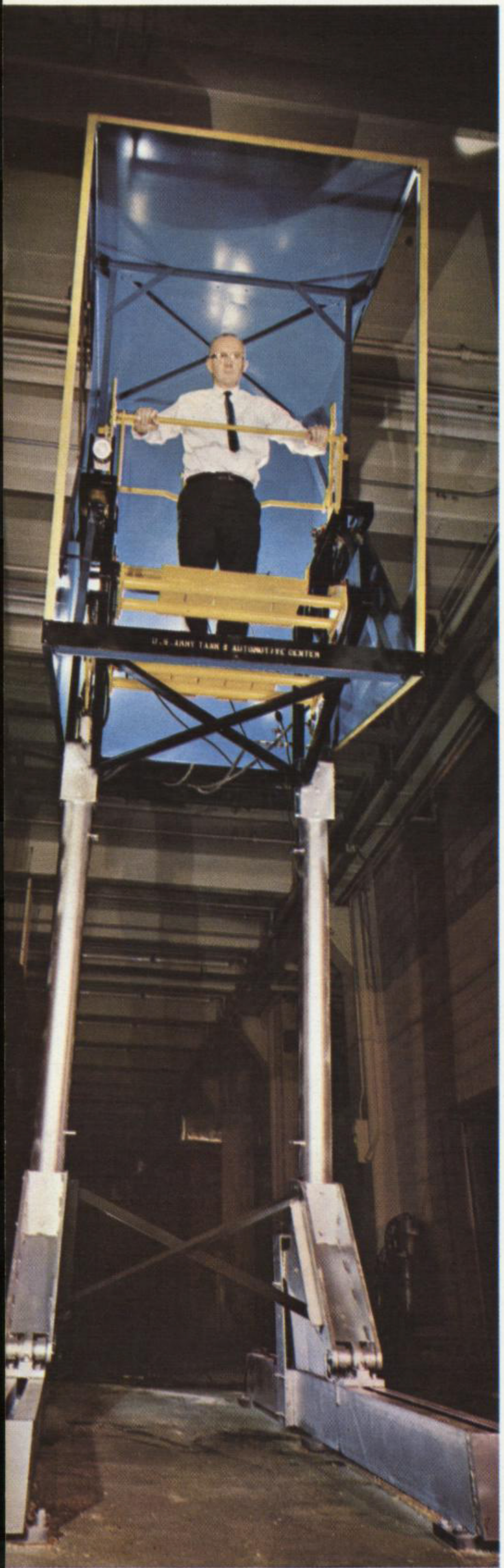
1964 research and development

Discoveries in polymer chemistry highlight year of developments pointing to new business opportunities. Company's 'Centers of Research' focus on excellence in special technologies.



Giant "walking machine" for Army

General Electric's largest annual investment in the future consists of a research and development program that is an industry leader in its scale and diversity. The continued high level of such expenditures enables G-E scientists and engineers to explore the wide range of new technologies that bear on the Company's future business.

Three laboratories in Schenectady, N. Y., serve the Company as a whole: **The Research Laboratory,** whose 1964 program of basic scientific research was highlighted by discoveries promising useful new materials. For example, revolutionary new polymer developments discussed at right point directly to new business opportunities. Also, metallurgical development led to "Cryostrand," a superconducting wire already in commercial production. **Advanced Technology Laboratories** are organized to speed the conversion of technical innovations through the small-plant production stage. Representative of their developments was the 1964 work on an engineering program with both military and commercial potential: "cybernetic anthropomorphous machines" which duplicate the movements of their human operators with extreme sensitivity and greatly increased strength. The giant pedipulator now being developed for the Army (left) will be capable of walking over rough terrain at speeds up to 35 mph, bending, and lifting objects weighing hundreds of pounds. **The Manufacturing Laboratory** was at work in 1964 on applying automation to short-run production. Computerized techniques make it possible for the Company to realize substantial cost improvements in manufacturing.

More than 80 laboratories serve product departments

Support for developing the improved products needed in today's competitive markets is provided by more than 80 laboratories assigned to specific product operations. Many of these laboratories are extensive. The Electronics Laboratory in Syracuse, N. Y., has a staff of more than 200 scientists and engineers. The Space Technology Center at Valley Forge, Pa., is one of the largest industrially operated complexes for space research and development. And the Vallecitos Atomic Laboratory near Pleasanton, Calif., with five operating reactors, is one of the largest privately financed atomic research facilities in the United States.

The TEMPO organization at Santa Barbara, Calif., provides General Electric with a special "think" laboratory whose specialists study the world environment to anticipate society's needs five to twenty-five years in the future.

In their work, a number of these laboratories have gained outstanding competence in specialized areas of science and engineering. A new program selects and identifies these "Centers of Research." Laboratories so designated are encouraged to take the lead for the Company in their areas of special capability and to provide counsel on the related programs of other laboratories and operations. This step brings greater selectivity to the Company's total development effort and heightens the useful interchange of ideas and information within General Electric.

Company's patents offered on licensing basis

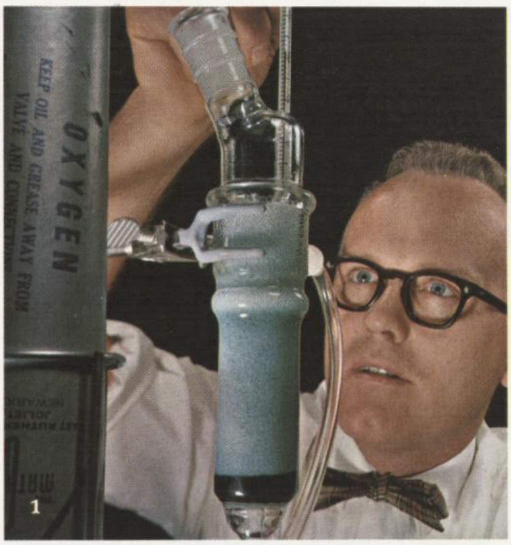
Of the 1,156 patent applications filed by General Electric during 1964, the great majority will benefit the Company's own operations. Inevitably, some represent an overflow of technology of greater use to other industries. Several advances which were licensed in 1964 for use by outside companies included a new panel insulation, aluminum lubrication, a special metal-rolling technique, and electrohydraulic methods for metal forming.

G-E laboratory developments that advance scientific knowledge, improve products and open up new business opportunities are represented by these 1964 examples:

1 and 2: Polymer discoveries *announced by the Research Laboratory include a new chemical technique called "oxidative coupling" that promises new families of versatile plastics. The first of these, polyphenylene oxide ("PPO"), has the strength and heat resistance to replace metals and other materials — for example, stainless steel in surgical instruments and copper in heating pipes. Large-scale production is being rushed, and a new company has been formed to introduce the process in Europe. The other polymer development shown: a selective silicone membrane which can serve as an artificial gill to take oxygen from water and air. The hamster shown in an underwater cage breathes oxygen extracted directly from water. Among other polymer advances are an electrically conductive plastic and a "nuclepore" filter whose extremely fine pores are useful in medical research.*

3 and 4: Suitcase-size computer *demonstrates the Company's progress in microelectronic equipment development. A tenth the size of a comparable aerospace computer built with conventional components, it is a military electronics development with commercial overtones, since it is compatible with the GE-600 series of computers. Far right, research on semiconductor wafers at Auburn, N. Y., facilities, conducted under ultra-violet light, leads to better transistors and silicon controlled rectifiers.*

5 and 6: Centers of Research *that have been designated in General Electric product laboratories are exemplified by Appliance Park chemists' work on plastics applications and by the Power Transmission Laboratory's work in vacuum arc interruption. Other Company laboratories look to these and other Centers for leadership in their special technologies.*


OXYGEN
KEEP OIL AND GREASE AWAY FROM VALVE AND CONNECTIONS

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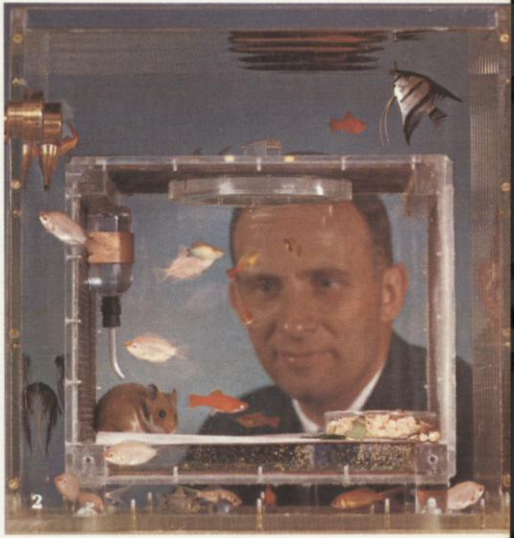

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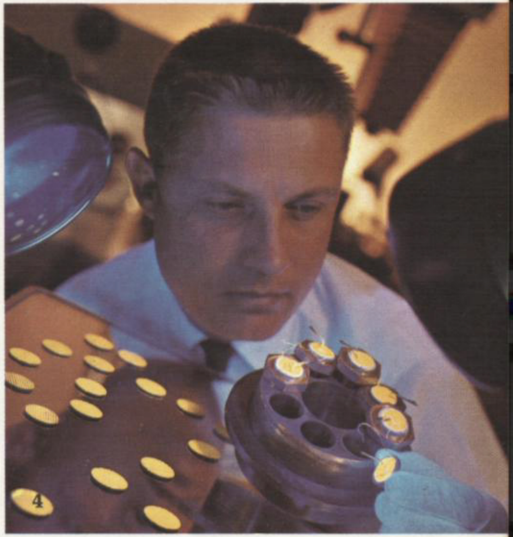

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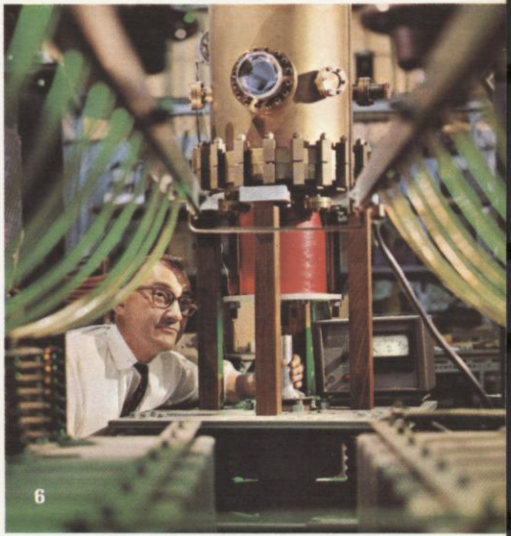

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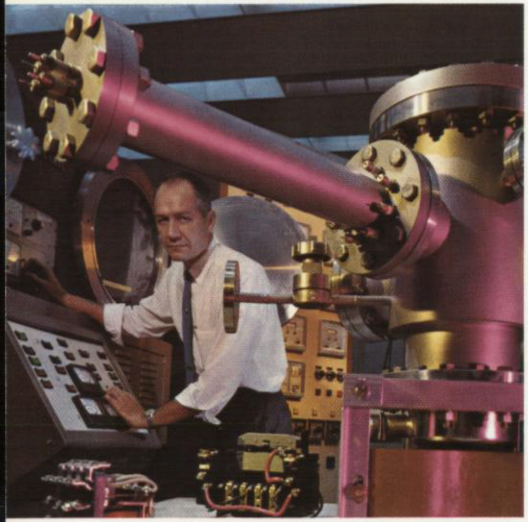
Developing new markets

Technical innovation is a basic source of new G-E businesses. 1964 examples show how the Company is also building new ways to focus entrepreneurial talent.

Successful new businesses: Sealants...

AUTOMATIC QUALITY CONTROL
PRODUCT
PACER
TEST INFORMATION ANALYZED DATA CLASSIFIER

Equipment for automatic quality control...



A new line of vacuum products

General Electric relies primarily on its decentralized product departments to anticipate customers' wants and needs and to move with new technology to meet these needs.

At left are three of many examples of new market opportunities that the Company's product departments have successfully developed through technical innovations in recent months:

—Silicone sealants for construction, consumer and marine uses, offered by the Silicone Products Department, are an outgrowth of G-E silicone rubber developments.

—Automatic quality control equipment is now marketed by the Specialty Control Department. Units such as the PACER pictured at left, which runs automatic tests on the quality of products, have sprung mainly from ideas of Manufacturing Services in applying better and more economical methods of total quality control to the Company's own operations.

—A Vacuum Products Operation was established by the Electronic Components Division to offer new developments in vacuum equipment for such uses as simulating space environments, aiding microelectronics research, and "freeze-dry" food processing.

Planning operations help select best market opportunities

Business growth can also result from innovations in entrepreneurial approaches. In 1964 the Company further developed new-business planning operations whose role is to provide a fresh focus for the Company's entrepreneurial talents, and to explore new market opportunities lying outside the scope of existing G-E departments.

The Corporate Planning Operation, for example, is charged with assessing the effect on the Company of basic changes in the economy, in living habits, in international trade and in technology. Using computer techniques, the Operation seeks to identify those areas where General Electric can make the best contribution, and recommends plans by which these opportunities can be realized. Its appraisals include the resources the Company must be prepared to commit in order to succeed in a new field. The Operation helps to coordinate the Company's approach to projects requiring a pooling of product departments' efforts.

New G-E 'homes' sought for outstanding developments

Similarly, a New Businesses Development Operation has been formed within Advanced Technology Services. It calls upon both the Company's Services and operating strengths in identifying and fostering the initial growth of new businesses. When a new development affects more than one operating component or lies beyond the scope of any, this Operation can evaluate it with the objective of finding a "home" for it within the product departments. This can come about as the result of the greater depth of study that the Operation can give to a specific development. In addition, the Operation is prepared to carry promising projects through to small-scale manufacturing and marketing in order to show their potential.

At the product operating level, other business development components are helping to chart the future course for such operations as housewares, appliances, consumer electronic products, electrical apparatus, and overseas projects.

Unceasing change in people's wants, needs and tastes creates constant new business opportunities. Free-ranging business development operations, combining with decentralized management teams experienced in specific markets, aim at converting change into better service for customers and greater sales and earnings for General Electric.

1964 Financial Summary

This summary comments on results for the year, generally in the same order as they appear in the financial statements on pages 26 and 27, and gives an accompanying explanation of those statements.

Sales of $4,941.4 million in 1964, as discussed in the review of operations on pages 3 through 15, were ahead of 1963 sales and set a new record for the fourth consecutive year. This increase was attained despite a drop of about 11% in sales of defense products and the reduction of sales as a result of the price adjustments discussed on the inside front cover.

Net earnings amounted to $237.3 million, or $2.62 a share of stock, as discussed on pages 2 and 3. The 1964 price adjustments reduced 1964 net earnings by $74.7 million or 82 cents a share. In 1963, similar adjustments reduced earnings by 14 cents a share. However, 1963 earnings also included a nonrecurring gain of 9 cents a share from sale of installment receivables.

Net earnings before the price adjustments rose to $312.0 million, or $3.44 a share, an increase of 10% over comparable 1963 earnings of $283.1 million, or $3.14 a share. This improvement in operating results reflected increased efficiencies which helped offset higher employee compensation and low product price levels. Net earnings for 1964 also benefited from the reduction in Federal income tax rates from 52% to 50%.

Dividends paid in 1964 amounted to $2.20 a share, 10% higher than the $2.00 a share paid in 1963.

Wages, salaries and employee benefits in 1964 amounted to $2,187.5 million, a new high. Average annual compensation per employee, including Company cost of employee benefits, was $8,348, as discussed on page 18.

These amounts included Company costs of employee pension plans totaling $25.6 million in 1964, as shown in the statements for pension trusts on page 18. The cost of the General Electric Pension Plan for the past four years has been lower than in earlier years because of recognition of long-term improvements in earnings of the General Electric Pension Trust. As explained in the 1963 Annual Report, the amount which the Company needs to provide the Trust now to meet future pension payments is based in part upon the estimated future rate of earnings on Trust assets.

This estimated rate of future earnings was increased from 3% to 3.5% in 1961 and from 3.5% to 4% in 1963 (actual earnings rate on Trust assets was 4.6% in 1964). In each case, the change reduced the estimated amount needed to pay pensions as they come due in the future. Since the Company had contributed 100% of its requirements in prior years applicable to pension rights earned by participants since 1946 (computed on the basis of estimated earnings rates then in effect), an adjustment of subsequent contributions was necessary.

The adjustment of Company contributions because of the increase to 3.5% was spread about equally over 1961 and 1962. The contribution for 1963 was reduced by about one-half of the adjustment attributable to the change to 4%, and the contribution for 1964 was reduced by the remainder. Without this reduction, the Company's 1964 pension contributions would have been $70.9 million.

Depreciation and amortization (cost of wear and obsolescence of plant and equipment) amounted to $129.3 million in 1964, compared with $127.7 million in 1963. Last year's Annual Report explained that the Company's conservative depreciation practices have usually resulted in higher book depreciation and amortization than allowable for U.S. income tax purposes. However, "guideline lives" published by Internal Revenue Service were adopted for depreciation allowable for tax purposes beginning with the 1962 tax return. This change has resulted in higher tax than book depreciation in the years since adoption. This change has had no effect on net earnings, however, because the provision for Federal income taxes includes an amount for taxes payable in the future, when tax depreciation will again fall below book depreciation.

The Company's investment credit, of up to 7% of the cost of certain new equipment, amounted to $6.0 million in 1964, as compared with $7.4 million in 1963. The investment credit is being carried in "Other Liabilities" and added to income over the life of the underlying facilities. In 1964, $2.0 million was added to income, as compared with $1.2 million in 1963.

(Continued on next page)

(In millions)

CHANGES IN PLANT AND EQUIPMENT	1964	1963
Cost of plant and equipment in use January 1	$1,751.5	$1,723.3
Cost of facilities added during year	130.0	111.9
Deduct: Cost of facilities dismantled during year	−83.1	−83.7
COST OF PLANT AND EQUIPMENT IN USE DECEMBER 31	$1,798.4	$1,751.5
Accumulated depreciation and amortization January 1	$1,056.7	$1,010.4
Total depreciation and amortization included in costs	129.3	127.7
Deduct: Accumulated depreciation and amortization on facilities dismantled during year	−76.5	−81.4
ACCUMULATED DEPRECIATION AND AMORTIZATION DEC. 31	$1,109.5	$1,056.7
COST LESS DEPRECIATION AND AMORTIZATION DEC. 31	$ 688.9	$ 694.8

Financial Summary (continued)

Taxes, except those on income, totaled $41.0 million, compared with $43.0 million in 1963. These taxes are mainly state and local franchise and property taxes. They exclude (1) social security taxes (listed under employee benefits), (2) indirect taxes which are not ascertainable in the cost of materials and services purchased, and (3) certain excise and sales taxes not recorded in sales or costs.

Nonoperating income includes, in addition to earnings of General Electric Credit Corporation and dividends from foreign nonconsolidated affiliates, a variety of other kinds of income such as income from securities, interest on customers' notes, and income arising from agreements for the use of Company patents and technical know-how.

In 1964, nonoperating income of $54.3 million was lower than in the prior year because of the nonrecurring gain in 1963 from sale of installment receivables.

Interest and financial charges of $8.2 million in 1964 represented mainly interest payments on the Company's outstanding debentures.

Provision for income taxes, Federal and Canadian, and for renegotiation, amounted to $220.7 million in 1964, $53.9 million less than the 1963 provision. "Renegotiation" represents a net provision for that portion of earnings on government sales which may later be claimed by the government. The income tax returns of the Parent Company, its principal consolidated subdiaries and General Electric Credit Corporation have been settled through 1959.

Other income taxes (state and local) were $1.7 million, compared with $3.2 million in the prior year.

Total taxes—including income, franchise and property taxes—and renegotiation amounted to $263.4 million or $2.90 a share in 1964, 28 cents more than net earnings.

Net working capital (the excess of current assets over current liabilities) amounted to $1,079.8 million at the end of 1964. Changes during 1964 and 1963 are summarized in the following table:

	(In millions)	
Additions	**1964**	**1963**
Net earnings for the year	$237.3	$270.6
Charges for depreciation not requiring funds	129.3	127.7
Newly issued common stock	29.6	32.4
	396.2	430.7
Reductions		
Dividends on common stock	197.7	183.1
Expenditures for plant and equipment	130.0	111.9
Increase or decrease (–) in long-term receivables	10.8	–139.4
Increase in investments and advances	45.4	26.7
All other–net	–19.8	–28.6
	364.1	153.7
Increase in net working capital	$ 32.1	$277.0

Cash and marketable securities totaled $596.9 million at the end of 1964, a decrease of $24.2 million during the year. Dispositions of antitrust cases involved a substantial nonrecurring use of cash in 1964.

Receivables, less reserves, were $744.0 million at December 31, 1964, up $45.7 million over the previous year end. Noncurrent (long-term) receivables, included under "Other Assets," totaled $40.2 million at the end of 1964, compared with $29.4 million at the end of 1963. As explained in last year's Annual Report, the balance at the end of 1963 had been reduced by sale of installment receivables to a number of financial institutions, on a full recourse basis. This sale, for which there was no counterpart in 1964, was made to facilitate election for Federal income tax purposes of the "installment method" of accounting.

Inventories amounted to $820.8 million at the end of 1964 and included raw materials, items in process of manufacture, and products ready for sale. Inventories increased $77.9 million during the year in support of a higher level of sales.

Investments and advances totaled $330.1 million at the end of 1964, an increase of $45.4 million during the year. Details of these investments are shown on page 28, and the bases on which they are valued are described in the Notes on page 29.

The Company's equity in General Electric Credit Corporation increased $9.6 million during 1964. This increase represented net earnings of the Credit Corporation for 1964 which were 10% higher than in 1963. This wholly owned subsidiary had assets of $915.4 million at the end of 1964. Volume of financing by this subsidiary amounted to $1,118.8 million in 1964, about 15% higher than in 1963. Financial statements for the Credit Corporation are presented on page 29.

Investments in, and advances to, foreign nonconsolidated affiliates amounted to $128.7 million at the end of 1964, an increase of $37.1 million during the year. Most of this increase resulted from the Company's agreement with Compagnie des Machines Bull to invest in new companies in France, as discussed on page 16. These investments, effective as of July 1, 1964, are reflected in the combined statements on page 15 which show the financial position of foreign nonconsolidated affiliates at September 30, 1964 and 1963, and operating results for the twelve months then ended.

Investment of $30.3 million in General Electric common stock represented the cost of 362,934 shares held for corporate purposes at the end of 1964. A summary of changes in these holdings during 1964 is shown below:

	Number of shares
General Electric common stock held at Jan. 1, 1964	372,983
Acquired during the year	517,000
	889,983
Used during the year for:	
Incentive Compensation Plan	
Delivered to participants	54,638
Transferred under deferred provisions	23,038
General Electric Savings and Security Program	424,567
General Electric Savings and Stock Bonus Plan	23,521
Other awards to employees	1,285
Total shares used	527,049
Shares held at Dec. 31, 1964	362,934

In addition to the above investment in the Company's stock, at December 31, 1964, the Company was also holding—for ultimate distribution to employees on a contingent basis under the deferred compensation provisions of the Incentive Compensation Plan — a total of 328,731 shares of common stock allotted during the years 1948 through 1964. These shares are carried under "Other Assets" as a part of "Funds for employee benefit plans" at market value at the time of their allotment, with an offset under "Other Liabilities."

Miscellaneous securities totaled $72.1 million at the end of 1964, an increase of $1.9 million during the year.

The Company's 3½% debentures outstanding at the end of 1964 amounted to $191.9 million, a decrease of $11.1 million from the amount outstanding at the end of 1963. Debentures having a face value of $13.9 million, and reacquired at a cost of $13.0 million, were retired during 1964 in accordance with the sinking fund provisions of the underlying indenture agreement.

Common stock issued by the Company amounted to 90,933,138 shares at December 31, 1964, as compared with 90,487,097 shares at the end of 1963. During 1964, 229,761 shares were issued under the Company's stock option plans and 216,280 shares under the Savings and Security Program. These newly issued shares increased common stock ($5 par value) by $2.3 million and amounts in excess of par value by $27.3 million.

The Incentive Compensation Plan provides incentive for outstanding performance by key employees. Incentive amounts allotted for any given year vary in accordance with how well the year's objectives are met by the entire Company, by the organizational component for which the individual works, and by the individual himself. Allotments made in 1964 for outstanding performance in 1963 amounted to $15,284,529 for 2,313 employees.

The Stock Option Plan, approved by the share owners in 1963 by 97.7% of the votes cast, and two previous similar plans, provided continuing incentive for more than 900 employees during 1964. The option price of grants under these plans is the full market value of General Electric stock on the date of grant. Therefore participants in the plan do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, in order to exercise options the employee must remain with the Company, since options may be exercised only after annual installments mature, which is generally over a period of nine or ten years. Thus the plan encourages outstanding managers and professional employees to have the long-term entrepreneurial interest that will build the share owners' equity.

In 1964, changes were made in the Federal income tax law under which any gains that may be realized from stock options granted after 1963 are not treated as capital gains unless certain new conditions are met, including the requirement that the life of the options be limited to five years. After careful review, the Board of Directors decided to grant options in 1964 on substantially the same terms and conditions as in 1963 and prior years, including a life of 10 years. Even though these optionees will now treat as ordinary income the appreciation in market value to date of exercise, it was believed that these 10-year options would accomplish more effectively the Stock Option Plan's objective of enhancing long-term improvement in the Company's earnings than would options which had a life of only five years.

The additional stock options granted during 1964 covered 149,256 shares. The shares deducted from original grants for such reasons as deaths, retirements, and withdrawals totaled 23,569. Options for 900,318 shares outstanding at the end of 1964 were held by 813 individuals and 1,112,345 shares were available for the granting of additional options. A summary at the end of 1964 is shown below:

			Installments		
Year of grant	Average option price	Net original grants*	not yet exercisable	exercisable but not yet purchased	1964 purchases
1953	$23.89	1,935,511	–	–	35,579
1954	45.00	540,097	–	–	59,055
1955	52.25	631,711	–	112,204	91,829
1957	65.76	170,616	30,984	71,715	29,763
1958	64.88	52,189	15,068	20,045	6,767
1959	79.88	27,729	11,420	14,780	1,529
1960	78.63	70,621	37,783	30,748	1,786
1961	78.00	71,159	45,862	23,008	2,157
1962	72.75	48,674	37,448	10,046	1,155
1963	79.88	290,092	254,617	35,334	141
1964	90.63	149,256	149,256	not yet exercisable	
		3,987,655	582,438	317,880	229,761

*After deductions for such reasons as deaths, retirements, and withdrawals. Closing market price was $93.25 on December 31, 1964.

General Electric 1964 Financial Statements

Consolidated Statement of Current and Reinvested Earnings

For the year	1964	1963
Sales of products and services to customers	$4,941,352,146	$4,918,715,661
Deduct operating costs:		
Inventories at January 1 (costs carried over from prior year)	742,964,766	722,774,339
Wages, salaries and employee benefits	2,187,544,050	2,121,621,077
Materials, supplies and all other costs not shown separately	2,367,931,448	2,275,962,051
Depreciation (wear and obsolescence of plant and equipment)	129,276,082	127,694,800
Taxes, except those on income	40,964,011	43,046,566
Less—Inventories at year end (costs carried over to next year)	–820,815,792	–742,964,766
—Wages, salaries and employee benefits directly reimbursed by Atomic Energy Commission	–112,850,115	–111,216,185
Total costs applicable to sales	4,535,014,450	4,436,917,882
Earnings resulting from sales	406,337,696	481,797,779
Add nonoperating income:		
Net earnings of General Electric Credit Corporation	9,608,253	8,709,216
Dividends received from foreign nonconsolidated affiliates	2,764,503	2,068,488
Other nonoperating income—net	50,211,939	64,797,482
Less—Interest on debentures and other financial charges	–8,247,809	–8,036,966
Nonoperating income—net	54,336,886	67,538,220
Earnings before income taxes and renegotiation	460,674,582	549,335,999
Deduct—Federal and Canadian income taxes, and renegotiation	220,700,000	274,600,000
—Other income taxes	1,745,470	3,181,541
—Minority interest in subsidiary's net earnings	896,566	915,702
Net earnings applicable to common stock	237,332,546	270,638,756
Deduct—Dividends declared for year	197,714,953	183,124,154
Amount added to reinvested earnings for year	39,617,593	87,514,602
Reinvested earnings January 1	1,180,557,840	1,093,043,238
Reinvested earnings December 31	$1,220,175,433	$1,180,557,840
Net earnings per share	$2.62	$3.00
Dividends declared per share	$2.20	$2.05
Dividends paid per share	$2.20	$2.00

Reference should be made to Notes on pages 28 and 29

Consolidated Statement of Financial Position

December 31	1964	1963
Cash on hand and in banks	$ 227,462,827	$ 383,308,940
Marketable securities (short-term investments readily convertible to cash)	369,429,844	237,809,454
Receivables* (money owed to the Company by customers, to be paid within a year)	744,022,961	698,274,792
Inventories (materials, and products being made or completed and ready for sale)	820,815,792	742,964,766
	2,161,731,424	2,062,357,952
Deduct: Collections from customers on contracts in progress and anticipated price adjustments on contracts	230,252,340	188,108,055
Current Assets (cash, or items generally convertible to cash within a year)	1,931,479,084	1,874,249,897
Investments and advances* (mainly securities of majority-owned companies not consolidated, plus loans to them)	330,056,644	284,628,100
Plant and equipment less accumulated depreciation* (original cost of land, buildings and equipment—less estimated cost consumed by wear and obsolescence)	688,943,240	694,768,299
Other assets* (long-term receivables, special funds, etc.)	170,260,218	161,485,018
Total Assets (items owned at the end of the year)	3,120,739,186	3,015,131,314
Notes payable by consolidated subsidiaries	1,450,000	150,000
Accounts payable* (money owed for materials and services supplied by others)	258,688,075	203,163,325
Dividends payable to share owners	49,460,333	49,197,136
Taxes accrued (taxes owed to local, state, Federal and Canadian governments)	225,505,722	260,119,319
Other costs and expenses accrued* (amounts to be paid for wages, interest, etc.)	316,526,818	313,836,712
Current Liabilities (amounts generally due within the year ahead)	851,630,948	826,466,492
3½% debentures due May 1, 1976 (amount owed on long-term borrowings)	191,900,000	203,008,000
Other liabilities* (long-term payables, etc.)	102,395,173	86,417,398
Remainder of premium received from 1956 sales of debentures	605,812	687,314
Miscellaneous reserves (provision for future payment of costs incurred to date)	36,941,824	34,054,459
Minority share owners' interest in Canadian General Electric Company, Ltd.	18,912,542	18,907,834
Total Liabilities, Reserves and Minority Interest (amount owed at year end)	1,202,386,299	1,169,541,497
Excess of Assets over Liabilities, Reserves and Minority Interest—Ownership	$1,918,352,887	$1,845,589,817
This ownership (share owners' equity) is evidenced by:		
Common stock* (issued shares of stock, each with a par value of $5)	$ 454,665,690	$ 452,435,485
Amounts in excess of par value received for stock*	243,511,764	212,596,492
Earnings reinvested in the Company	1,220,175,433	1,180,557,840
Total Share Owners' Equity	$1,918,352,887	$1,845,589,817

**Details shown on page 28*

Details of Items in Statements

Operating costs: For the year	1964	1963
Cost of goods sold	$3,623,669,483	$3,556,641,584
Selling, general, and administrative expenses	911,344,967	880,276,298
	$4,535,014,450	$4,436,917,882

Receivables: December 31	1964	1963
From nonconsolidated affiliates	$ 17,077,471	$ 11,483,939
Other, less reserves	726,945,490	686,790,853
	$ 744,022,961	$ 698,274,792
Investments and Advances:		
General Electric Credit Corporation–Equity	$ 96,076,269	$ 86,468,016
–Advances	10,000,000	15,000,000
Other sales finance subsidiaries–Equity and advances	428,989	202,601
Foreign nonconsolidated affiliates–Investments at cost	104,523,204	54,563,121
–Advances	24,136,525	36,952,477
General Electric common stock at cost	30,316,468	28,780,456
Miscellaneous securities at cost	72,075,189	70,161,429
	337,556,644	292,128,100
Less: Reserve	7,500,000	7,500,000
	$ 330,056,644	$ 284,628,100
Plant and Equipment:		
Plant and equipment at cost	$1,798,472,091	$1,751,507,242
Less: Accumulated depreciation and amortization	1,109,528,851	1,056,738,943
Cost less accumulated depreciation and amortization	$ 688,943,240	$ 694,768,299
Other Assets:		
Long-term receivables, less reserve	$ 40,175,876	$ 29,354,807
Equipment leased to others–net	48,764,445	50,654,148
Advances to vendors and distributors	11,038,330	12,833,431
Funds for employee benefit plans–per contra in Other Liabilities	20,540,180	19,193,154
Deferred charges, less reserve	10,711,801	12,580,415
Loans and advances to employees	5,018,274	4,821,482
All other	34,011,312	32,047,581
	$ 170,260,218	$ 161,485,018
Accounts Payable:		
Trade payables	$ 186,402,970	$ 151,186,604
Payables representing collections from employees and others	51,740,583	51,399,284
Accounts payable to nonconsolidated affiliates	20,544,522	577,437
	$ 258,688,075	$ 203,163,325
Other Costs and Expenses Accrued:		
Payrolls accrued	$ 23,099,886	$ 36,299,911
Interest expense accrued	1,139,481	1,197,202
Other costs and expenses accrued–includes liabilities for replacements under guarantees, renegotiation, allowances to customers, employee benefit costs, etc.	292,287,451	276,339,599
	$ 316,526,818	$ 313,836,712
Other Liabilities:		
Noncurrent accounts payable and other accruals	$ 81,854,993	$ 67,224,244
Liability for employee benefit plans–per contra in Other Assets	20,540,180	19,193,154
	$ 102,395,173	$ 86,417,398
Common Stock ($5 par value):		
Balance January 1	$ 452,435,485	$ 449,444,830
Shares issued under G.E. Stock Option Plans	1,148,805	1,853,110
Shares issued under G.E. Savings and Security Program	1,081,400	1,137,545
Balance December 31	$ 454,665,690	$ 452,435,485
Issued shares December 31 (105,000,000 authorized)	90,933,138	90,487,097
Amounts in Excess of Par Value received for stock:		
Balance January 1	$ 212,596,492	$ 179,834,853
Premium received on shares issued	27,335,632	29,427,040
Net increase from dispositions of treasury stock	3,579,640	3,334,599
Balance December 31	$ 243,511,764	$ 212,596,492

Notes to Financial Statements

Basis of consolidation—These financial statements and accompanying schedules represent a consolidation of the accounts of the Parent Company—General Electric—and those of all wholly owned or substantially wholly owned subsidiaries dealing primarily in United States or Canadian currencies, except sales finance subsidiaries.

All significant intercompany items have been eliminated.

Canadian accounts were converted to U.S. dollars on a dollar-for-dollar basis. To revalue fixed assets in Canada to historical U.S. dollar cost, and other net assets to the year-end exchange rate, $8,810,991 was carried in Miscellaneous Reserves at the close of 1964. Net assets in Canada at December 31, 1964, totaled $133,908,123 after this revaluation.

Net sales billed for 1964 were reduced by $130 million representing provision for price adjustments to customers on sales of certain products which were subjects of antitrust cases, and costs were increased by $19.4 million for other related adjustments, as described on the inside front cover.

Expenses directly reimbursed by the Atomic Energy Commission for atomic projects at Richland, Wash., Schenectady, N. Y., and St. Petersburg, Fla., are not included in sales or costs.

Operating costs are classified in the consolidated statement of current earnings on page 26 according to the principal types of costs incurred during the two years. In the details shown at left, costs which were deducted from sales revenue during the two periods are segregated to show (a) cost of goods sold and (b) selling, general, and administrative expenses.

Marketable securities were carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value.

Inventories were carried at cost, exclusive of certain indirect manufacturing expenses and intercompany profits. Carrying value was not in excess of market. Substantially all inventories in the United States were valued on a last-in, first-out (LIFO) basis. Inventories of Canadian components, with net value of $81.1 million before exchange revaluation, were valued on a first-in, first-out (FIFO) basis.

Investments and advances–Carrying value of U.S. and Canadian sales finance subsidiaries represents the Company's equity in, and advances to, these subsidiaries, whose earnings are included as nonoperating income in the consolidated statement of current earnings. General Electric Credit Corporation statements at right form a part of these Notes.

Carrying value of foreign nonconsolidated affiliates represents cost of investments in, and advances to, these majority-owned or managed companies. Only dividends received from these affiliates are included in the Company's statement of current earnings. Combined statements for these companies are on page 15.

Investment in General Electric common stock at the end of 1964 represented cost of 362,934 shares held for corporate purposes, such as requirements for the Savings and Security Program and the Incentive Compensation Plan. On December 31, 1964, these shares had a quoted market value of $33,843,596.

On December 31, 1964, fair value of miscellaneous securities was approximately $130 million.

General Electric Company 3½% debentures mature May 1, 1976, with interest payable semi-annually, on May 1 and November 1. The indenture provides for sinking fund payments of $13 million annually through 1975. The Company, at its option, may make additional annual payments of up to $13 million, and also may redeem all or part of the bonds at any time upon payment of redemption premiums ranging downward from 2.2%. The underlying indenture also includes certain limitations on pledge, mortgage, or disposition through sale and leaseback of manufacturing properties. Reacquired debentures with face value of $52,033,000 held in treasury in anticipation of future sinking fund requirements have been deducted from unretired debentures which totaled $243,933,000 at the end of 1964.

Contingent liabilities–At the close of 1964, the Company was contingently liable to a number of financial institutions for $191.7 million of installment receivables, including interest collectible in the future, which had been sold to such institutions in 1963 on a full recourse basis.

General Electric Credit Corporation Consolidated Financial Statements

Financial Position December 31	**1964**	**1963**
Cash	$ 29,076,035	$ 28,197,289
Receivables, less reserves and deferred income (a)	878,186,773	772,509,184
Prepaid interest and discount	2,739,520	2,832,948
Other assets	5,370,332	4,150,686
Total assets	915,372,660	807,690,107
Notes payable to:		
General Electric Company	10,000,000	15,000,000
Others	663,431,743	563,201,347
Others–subordinated	65,000,000	65,000,000
Accounts and drafts payable	31,318,125	32,408,151
Deferred payments to dealers	37,770,196	35,207,247
Accrued Federal taxes on income	6,170,323	5,812,146
Other accrued liabilities	5,606,004	4,593,200
Total liabilities	819,296,391	721,222,091
Assets less liabilities–equity	$ 96,076,269	$ 86,468,016
Equity represented by:		
Par value of common stock	$ 20,000,000	$ 20,000,000
Reinvested earnings	76,076,269	66,468,016
Equity–held by General Electric Company	$ 96,076,269	$ 86,468,016
(a) Reserve for receivable losses	$ 16,174,600	$ 14,350,000
Deferred income	110,286,252	98,580,066

Current and Reinvested Earnings For the year	**1964**	**1963**
Volume of time sales and inventory financing	$1,118,842,791	$975,989,206
Gross earned income	$ 93,615,990	$ 79,548,207
Expenses–Operating and administrative	45,369,401	39,128,626
–Interest and discount	28,588,336	22,205,365
–Federal income taxes	10,050,000	9,505,000
Net earnings for the year	9,608,253	8,709,216
January 1 reinvested earnings	66,468,016	57,758,800
December 31 reinvested earnings	$ 76,076,269	$ 66,468,016

Independent Auditors' Report

to the share owners and board of directors of General Electric Company.

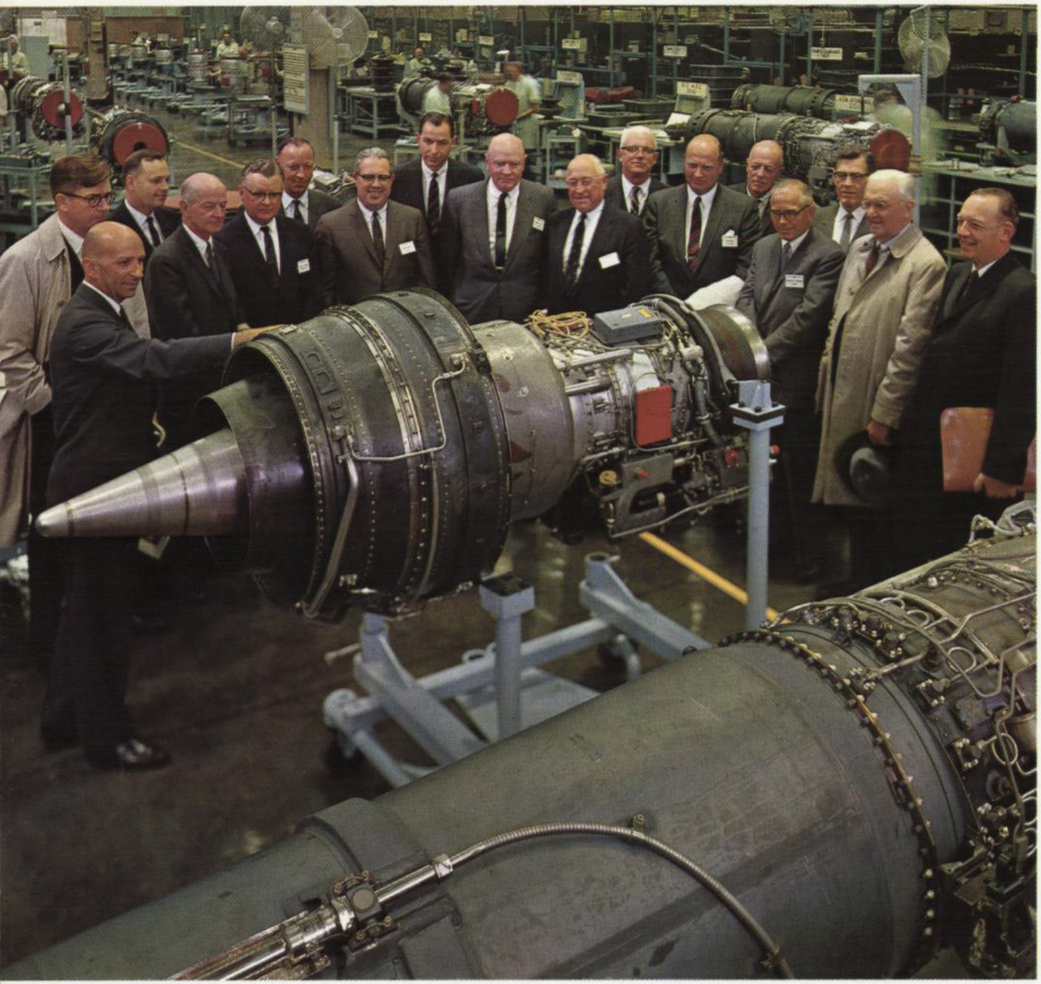
We have examined the consolidated statement of financial position of General Electric Company and subsidiaries as of December 31, 1964 and the related statement of current and reinvested earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements present fairly the financial position of General Electric Company and subsidiaries at December 31, 1964 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co. Seventy Pine St., New York, New York 10005, Feb. 19, 1965

Board of Directors



On one of their 1964 tours of General Electric operations, Directors saw production of new small jet engines at the Lynn, Mass., facilities. The Company is supplying these engines to manufacturers of business and military aircraft.

General Electric share owners are represented, in their Board of Directors, by a group of outstanding leaders in a variety of fields of endeavor. Election of three new Directors in 1964 raised the Board's membership to 20, of which two are employees of General Electric. The diversity of experience the Board's members bring to the Company is indicated by the listing at right.

In addition to holding ten regular meetings during the year, the Board observed Company operations at first hand in St. Louis and the Boston area. The entire Board was present at the 1964 Annual Meeting of share owners in St. Louis. The Directors also made a special visit to Progressland at the New York World's Fair.

The Directors average 57.2 years of age. Their service as Directors of the Company averages 8.5 years.

J. PAUL AUSTIN, *President and Director, The Coca-Cola Company, Atlanta, Ga. Elected a Director in 1964.*

FRED J. BORCH, *President and Chief Executive Officer, General Electric Company, New York City. A Director for 3 years.*

CHARLES D. DICKEY, *Chairman, Directors' Advisory Council, Morgan Guaranty Trust Company of New York, New York City. A Director for 24 years.*

THOMAS S. GATES, *President, Morgan Guaranty Trust Company of New York, New York City. Elected a Director in 1964.*

EDWIN D. HARRISON, *President, Georgia Institute of Technology, Atlanta, Ga. A Director for 3 years.*

FREDERICK L. HOVDE, *President, Purdue Univ., Lafayette, Ind. A Director for 9 years.*

GILBERT W. HUMPHREY, *Chairman of the Board and Director, The M. A. Hanna Company, Cleveland, Ohio. A Director for 10 years.*

JOHN E. LAWRENCE, *Partner, James Lawrence & Co., Boston, Mass. A Director for 8 years.*

RALPH LAZARUS, *President and Director, Federated Department Stores, Inc., Cincinnati, Ohio. A Director for 2 years.*

EDMUND W. LITTLEFIELD, *President and Director, Utah Construction & Mining Company, San Francisco, Calif. Elected a Director in 1964.*

GEORGE H. LOVE, *Chairman of the Board and Director, Chrysler Corporation, Detroit, Mich., and Consolidation Coal Company, Pittsburgh, Pa. A Director for 15 years.*

THOMAS B. McCABE, *Chairman of the Board and Director, Scott Paper Company, Philadelphia, Pa. A Director for 13 years.*

NEIL H. McELROY, *Chairman of the Board and Director, The Procter & Gamble Company, Cincinnati, Ohio. A Director for 13 years.*

DEAN A. McGEE, *President and Director, Kerr-McGee Oil Industries, Inc., Oklahoma City, Okla. A Director for 3 years.*

GEORGE G. MONTGOMERY, *Chairman of the Board and Director, Kern County Land Company, San Francisco, Calif. A Director for 16 years.*

HENRY S. MORGAN, *Partner, Morgan Stanley & Co., New York City. A Director for 25 years.*

GERALD L. PHILLIPPE, *Chairman of the Board, General Electric Company, New York City. A Director for 4 years.*

GILBERT H. SCRIBNER, JR., *President, Scribner & Co., Chicago, Ill. A Director for 2 years.*

ROBERT T. STEVENS, *President and Director, J. P. Stevens & Co., Inc., New York City. A Director for 15 years.*

WALTER B. WRISTON, *Executive Vice President, First National City Bank, New York City. A Director for 3 years.*

General Electric management

Presented here are the 55 professional managers who lead General Electric's decentralized organization. The average age of the managers listed here is 52.7 years and they average 27.9 years of service with the Company.

EXECUTIVE OFFICE

FRED J. BORCH, *President and Chief Executive Officer*

GERALD L. PHILLIPPE, *Chairman of the Board*

Group Executives

HERSHNER CROSS, *Vice President and Group Executive, Industrial Group*
JAMES H. GOSS, *Vice President and Group Executive, International Group*
JACK S. PARKER, *Vice President and Group Executive, Aerospace and Defense Group*
CHARLES K. RIEGER, *Vice President and Group Executive, Electric Utility Group*
HERMAN L. WEISS, *Vice President and Group Executive, Consumer Products Group*

Services Officers

VIRGIL B. DAY, *Vice President, Management Development & Employee Relations Services*
ROBERT M. ESTES, *Vice President-General Counsel, and Secretary*
GEORGE L. HALLER, *Vice President, Advanced Technology Services*
JOHN D. LOCKTON, *Treasurer*
FRANCIS K. McCUNE, *Vice President, Engineering Services*
HALBERT B. MILLER, *Vice President, Manufacturing Services*
ROBERT E. PFENNING, *Comptroller*
J. STANFORD SMITH, *Vice President, Marketing and Public Relations Services*
C. GUY SUITS, *Vice President and Director of Research*

SPECIAL CORPORATE OPERATIONS

JOHN B. McKITTERICK, *Manager, Corporate Planning Operation*

HOYT P. STEELE, *Vice President and Manager, Special Settlement Operation*

LAURENCE I. WOOD, *Vice President, Washington Services*

OPERATIONS

Aerospace and Defense Group

GERALD A. HOYT, *General Manager, Defense Electronics Division*
GERHARD NEUMANN, *Vice President and General Manager, Flight Propulsion Division*
HILLIARD W. PAIGE, *Vice President and General Manager, Missile and Space Division*
RICHARD L. SHETLER, *General Manager, Defense Programs Division*

Consumer Products Group

WALTER D. DANCE, *Vice President and General Manager, Hotpoint Division*
WILLIAM H. DENNLER, *Vice President and General Manager, Major Appliance Division*
CHARLES G. KLOCK, *President and General Manager, General Electric Credit Corp.**
WILLARD H. SAHLOFF, *Vice President and General Manager, Housewares Division*
DONALD D. SCARFF, *Vice President and General Manager, Lamp Division*
ROBERT C. WILSON, *General Manager, Consumer Electronics Division*

Electric Utility Group

DONALD E. CRAIG, *Vice President and General Manager, Power Generation Division*
ROBERT L. GIBSON, *Vice President and General Manager, Power Distribution Division*
HUBERT W. GOULDTHORPE, *Vice President and General Manager, Power Transmission Division*
MILTON F. KENT, *Vice President and General Manager, Electric Utility Sales Division*
JAMES F. YOUNG, *General Manager, Atomic Products Division*

Industrial Group

S. WELLFORD CORBIN, *Vice President and General Manager, Industrial Sales Division*
L. BERKLEY DAVIS, *Vice President & General Manager, Electronic Components Division*
OSCAR L. DUNN, *Vice President and General Manager, Motor and Generator Division*
REGINALD H. JONES, *Vice President and General Manager, Construction Industries Division and G.E. Supply Company Division*
HAROLD A. MacKINNON, *Vice President & General Manager, Component Products Div.*
LOUIS T. RADER, *Vice President and General Manager, Industrial Electronics Division*
CHARLES E. REED, *Vice President & General Manager, Chemical & Metallurgical Division*

International Group

CARL W. MOELLER, *Area Division General Manager, Mediterranean*
J. RUSSELL MUDGE, *Manager, International Business Development Operation*
J. HERBERT SMITH, *President and Chief Executive Officer, Canadian General Electric Company, Limited**
WALTER G. WARD, *Area Division General Manager, Europe*
RUSSELL E. WHITMYER, *Area Division General Manager, Latin America*
WILLIAM C. WICHMAN, *Vice President and General Manager, IGE Export Division; Acting Area Division Gen. Manager, Far East*

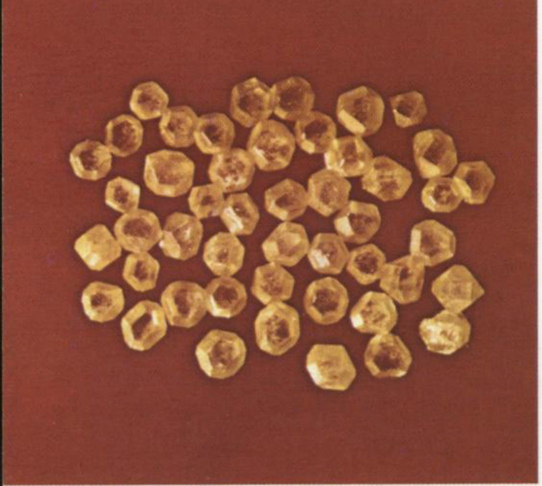
U.S. REGIONAL VICE PRESIDENTS

THOMAS K. EDENFIELD, *Southeastern*
HARRY P. GOUGH, *Western*
EDWIN H. HOWELL, *Southwestern*
GEORGE L. IRVINE, *Central*
WILLIAM A. MANN, *Mid-States*
CHARLES J. MILLER, *East Central*
F. CHARLES RULING, *Atlantic*
JOHN A. SPENCER, *Northeastern*

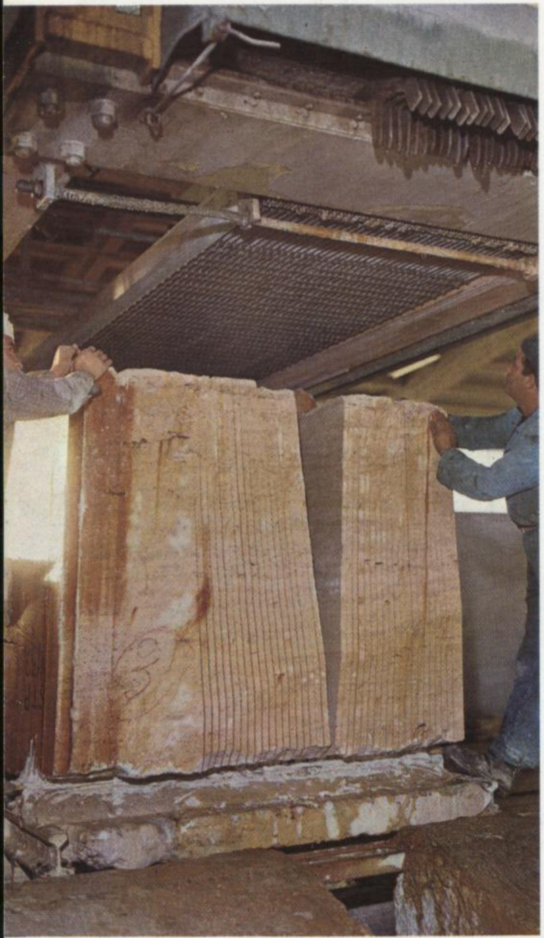
An industrial leader in the use of computers, General Electric applies G-E computers to aid management by providing faster, more comprehensive data on which to base decisions. Shown: GE-225 used by Radio Receiver Department for inventory control, production scheduling, personnel accounting, market forecasting and other operations.

**Subsidiaries of General Electric.* *Organization is as of February 19, 1965.*

10 year summary



Just ten years ago the G-E Research Laboratory announced "Man-Made" industrial diamonds, shown magnified above. Today, these diamonds form a growing international business. Below: use of diamond saw to cut marble in Italy.



Dollar amounts in millions; per-share amounts in dollars	**1964**	**1963**	**1962**
Net sales billed	$4,941.4	$4,918.7	$4,792.7
Net earnings	237.3	270.6	265.8
Net earnings per share	2.62	3.00	2.97
Earnings as a percentage of sales	4.8%	5.5%	5.5%
Earned on capital invested (a)	11.6%	13.6%	14.1%
Cash dividends declared	$197.7	$183.1	$177.5
Dividends declared per share	2.20	2.05	2.00
Number of shares issued—Dec. 31	90,933,138	90,487,097	89,888,966
Average number of share owners	516,402	503,516	446,919
Market price range per share (b)	93⅝-78¾	87½-71¾	78½-54¼
Current assets	$1,931.5	$1,874.3	$1,556.5
Current liabilities	851.6	826.5	785.7
Total assets	3,120.7	3,015.1	2,847.0
Long-term debt and notes payable	194.1	204.1	223.4
Share owners' investment	1,918.4	1,845.6	1,722.3
Total capital invested (c)	2,112.5	2,049.7	1,945.7
Plant expenditures	130.0	111.9	125.4
Depreciation and amortization	129.3	127.7	127.1
Total taxes and renegotiation (d)	263.4	320.8	289.7
Total taxes per share	2.90	3.56	3.23
Total employee compensation (e)	2,187.5	2,121.6	2,040.8
Average annual compensation per employee, in dollars (e)	8,348	8,071	7,905
Average number of employees	262,056	262,882	258,174
Orders price index (1957-59=100)	87	87	90

(a) Net earnings for the year—before interest on money borrowed—as a percentage of total capital invested at the close of each year.

(b) Represents high and low market price on New York Stock Exchange for each year.

(c) Represents total share owners' investment (ownership) plus long-term debt and notes payable as of December 31 each year.

1961	1960	1959	1958	1957	1956	1955
$4,456.8	$4,197.5	$4,349.5	$4,120.8	$4,335.7	$4,090.0	$3,463.7
242.1	200.1	280.2	242.9	247.9	213.8	208.9
2.72	2.26	3.19	2.78	2.84	2.46	2.41
5.4%	4.8%	6.4%	5.9%	5.7%	5.2%	6.0%
13.7%	11.9%	16.7%	15.7%	16.9%	15.3%	17.8%
$176.4	$175.5	$174.3	$173.7	$173.2	$172.4	$145.9
2.00	2.00	2.00	2.00	2.00	2.00	1.70
89,345,647	88,860,183	88,282,899	87,681,422	87,396,796	87,143,662	86,875,994
440,938	416,950	404,431	395,493	377,555	362,122	338,563
80¾-60½	99⅞-70¼	99⅞-74	79⅜-57	72⅜-52⅜	65½-52¾	57¾-46¼
$1,452.5	$1,478.5	$1,567.3	$1,407.9	$1,353.0	$1,268.7	$1,056.1
782.0	705.6	739.3	700.4	733.4	676.4	708.9
2,704.5	2,551.3	2,561.5	2,420.9	2,361.3	2,221.1	1,903.1
229.6	250.5	278.0	306.3	303.1	308.5	92.0
1,603.2	1,513.4	1,457.7	1,311.0	1,231.2	1,143.4	1,089.8
1,832.8	1,763.9	1,735.7	1,617.3	1,534.3	1,451.9	1,181.8
145.2	136.9	91.3	104.1	153.6	205.2	161.4
117.9	116.0	119.9	124.5	119.9	108.7	97.4
283.5	229.1	313.1	282.1	300.3	247.2	206.5
3.18	2.59	3.56	3.22	3.44	2.85	2.38
1,903.6	1,848.2	1,783.7	1,640.2	1,715.3	1,643.8	1,372.4
7,642	7,374	7,226	6,568	6,083	5,860	5,483
249,100	250,621	246,840	249,718	282,029	280,497	250,306
92	97	101	100	99	93	86

(d) Excludes certain excise and sales taxes, which are not included in sales or costs, and social security taxes, which are listed under employment costs.

(e) Includes Company cost of vacations, holidays, pensions, insurance, social security taxes, employee savings programs and all other employee benefits.

Printed in U.S.A.

A dozen G-E lamp developments help to turn the Fair into a nighttime spectacular

G-E Progressland '64

Nearly 7½ million visitors vote Company's pavilion a hit

General Electric's exhibit at the New York World's Fair was host to 7,421,369 visitors in 1964, making it one of the Fair's most popular features. Among its guests were world statesmen, royalty, key customer groups, the Company's Board of Directors and nearly 100,000 share owners using special cards for no-waiting, early admission. Day in, day out, from April to October, the show played to an average of 96.2% of its capacity. Progressland won new friends for General Electric, developed new customers, and created a fresh sense of excitement about electrical living. Re-opening on April 21, 1965, it will continue to dramatize the many ways that General Electric, as a large, diversified company, is contributing to progress for millions throughout the world. Share owners are again invited to request special courtesy passes for early admission.

G.E.'s nuclear fusion demonstration—a glimpse into the sun's energy source

GENERAL ELECTRIC
570 Lexington Avenue
New York, New York 10022